

04 June 2021

PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
6F PSE Tower One Bonifacio High Street
28th Street corner 5th Avenue Bonifacio Global City
Taguig City

Attention: MS. JANET A. ENCARNACION
Head – Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

Philippine Dealing System Holdings Corp. & Subsidiaries
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City
Telephone Number: 8884-4446

Attention: ATTY. MARIE ROSE M. MAGALLEN-LIRIO
Head – Issuer Compliance and Disclosure Department

Mesdames:

We are pleased to furnish your good office with a copy of China Bank's 2020 Integrated-Annual Corporate Governance Report (I-ACGR) filed with the Securities and Exchange Commission (SEC).

For your information and guidance.

Thank you.

Very truly yours,


ALEXANDER C. ESCUCHA
Corporate Information Officer

COVER SHEET



8745 Paseo de Roxas cor. Villar St., 1226 Makati City

SEC Registration Number

C H I N A B A N K I N G C O R P O R A T I O N

(Company's Full Name)

C H I N A B A N K B L D G 8 7 4 5 P A S E O

D E R O X A S C O R V I L L A R S T M A K A T I

(Business Address: No., Street City/ Town / Province)

ATTY. AILEEN PAULETTE S. DE JESUS

Contact Person

8885-5731

Company Telephone
Number

0 6

Month

0 4

Day

I A C G R

FORM TYPE

0 5

Month

0 6

Day

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

1,891

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purpose



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2020**
2. SEC Identification Number **443**
3. BIR Tax Identification No. **320-000-444-210**
4. Exact name of issuer as specified in its charter **China Banking Corporation**
5.
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **China Bank Bldg., 8745 Paseo de Roxas**
cor. Villar St., Makati City
Address of principal office
8. **1226**
Postal Code
8. **(632) 8885-5555**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>The Bank's Board of Directors is composed of directors with diverse educational background, professional experience and expertise. Each member is selected based on the "fit and proper" rule of the Bangko Sentral ng Pilipinas (BSP) which consider, among others, integrity, competence, independence, leadership, and experience. All Bank directors have been evaluated and confirmed by the Monetary Board of the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 37-44 (Qualifications and Disqualifications of Directors) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-April-2021.pdf 2020 Annual Financial and Sustainability Report: Pages 51 (Nomination and Election) and 52 (Nomination Process) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p>To ensure diversity, the Board has identified the required skills and mix of qualifications of directors.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Skill Set Matrix and Measurable Objectives 	

		https://chinabank.ph/corgov.aspx?title=Board+Policies <ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Page 51 (Board Composition) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p>The qualifications of the directors nominated to the Board are duly assessed/evaluated by the Corporate Governance and Nominations Committees.</p> <p>Every year during their election/re-election, Bank Directors certify that they possess all the qualifications and none of the disqualifications set forth by the BSP. In addition, they also evaluate their continuing qualification by way of their annual self-assessments.</p> <p>Furthermore, independent directors execute an affidavit, as attached to the Bank's Information Statement.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors 2020 Definitive Information Statement: Pages 36-39 (Affidavit of Independent Directors, Exhibits A to D) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf Corporate Governance Manual: Pages 37-44 (Qualifications and Disqualifications of Directors) and 49 (Performance Evaluation) 	

		https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>In 2020, China Bank's Board is composed of 12 directors. Two (2) of whom are Executive Directors and the rest are non-executive directors, including four (4) independent directors:</p> <p>The two (2) Executive Directors are: Mr. Gilbert U. Dee, and Mr. William C. Whang</p> <p>During the Special Stockholders' Meeting (SSM) on October 1, 2020, Ms. Claire Ann T. Yap was elected as the Bank's fourth independent director, to replace Ms. Angeline Ann H. Hwang* in accordance with the Banks amended Articles of Incorporation, By-Laws and the Revised Corporation Code.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • 2020 Annual Financial and Sustainability Report: Pages 76-79 (Board of Directors) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • BSP Approval on Amendment of Articles of Incorporation and By-Laws https://chinabank.ph/pdf/2018-09-07-CHIBPSEDisclosure-BSP-approval-on-Amendment-of-Articles-of-Incorporation-and-By-Laws-September-07-2018.pdf 	

Recommendation 1.3

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>At least annually, as part of the continuing education program for directors, a corporate governance training program is conducted by a training provider duly accredited by the Securities and Exchange Commission. The Bank's Corporate Governance Manual serves as the Board Charter as well.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 99-101 (Continuing Education Program for Directors and Key Officers)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
2. Company has an orientation program for first time directors.	Compliant	<p>First-time Directors are required to undergo an orientation program, for at least eight (8) hours, while the annual continuing training shall be at least four (4) hours by an SEC-accredited provider. The training program should cover topics relevant in carrying out their duties and responsibilities as directors. They are also provided with an orientation kit containing, among others, their Duties and Responsibilities as a Director, China Bank's Corporate Governance Manual, Code of Ethics for Directors, and the charters of the committees where the elected director is a member of.</p> <p>The Policy of the Bank requiring an orientation program is provided in the Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none">• Corporate Governance Manual: Page 62 (Education Program) <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	

		<ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 52 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>Members of the Board and key officers of the Bank are required to undergo relevant annual continuing training as provided in the Bank's Corporate Governance Manual.</p> <p>On November 4, 2020, directors, members of the Management Committee, and key officers of the Bank attended the Bank's exclusive advanced Corporate Governance training facilitated by the Institute of Corporate Directors. The said training focused on Sustainability in the Boardroom, Risk Management in the Age of Covid-19 and Culture of Innovation.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Board Training https://chinabank.ph/corgov.aspx?title=Board+Training • Corporate Governance Manual: Pages 8-9 (Responsibilities of the Chairman of the Board), 62 (Education Program) and 99-101 (Continuing Education Program for Directors and Key Officers) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • 2020 Annual Financial and Sustainability Report: Page 52 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	

Recommendation 1.4

1. Board has a policy on board diversity.	Compliant	<p>The policy essentially provides diversity in the Board: (i) appropriate mix of competence and expertise; and (ii) consider educational background, business experience in banking or related industry, competence, knowledge, skills and to include ethnicity, culture, skills, etc.</p> <p>In 2020, the Board is composed of two (2) female independent members. The rest of the directors are male.</p> <p>Links/References:</p> <ul style="list-style-type: none">• Board Diversity Policy https://chinabank.ph/corgov.aspx?title=Board+Policies• Corporate Governance Manual: Pages 3-4 (Diversity in the Composition of the Board) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf• 2020 Annual Financial and Sustainability Report: Page 51 (Board Composition) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
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Optional: Recommendation 1.4

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p>The progress on measurable objectives for the implementation of the Board diversity is available in the Bank website.</p> <p>Link/Reference:</p> <p>Board Measurable Objectives https://chinabank.ph/about_china_bank.aspx?title=Board+Policies</p>	
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Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>The Bank's Corporate Secretary is Atty. Corazon I. Morando. She is not the Chief Compliance Officer nor a director of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Secretary's Profile https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Bank's Corporate Secretary has attended the Bank's exclusive Annual Corporate Governance Training last 04 November 2020. The topics are on Sustainability in the Boardroom, Risk Management in the Age of Covid-19 and Culture of Innovation.</p> <p>Please refer to Annex 1 for a copy of her Certificate of Participation in the 2020 Advanced CG Training.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 52 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>As a general practice, the Corporate Secretary distributes the materials for Board meetings at least five (5) banking days before the scheduled meeting.</p> <p>Please refer to Annex 2 for a copy of sample e-mail with the attached agenda and materials sent to the directors.</p> <p>Link/Reference:</p>	

		2020 Annual Financial and Sustainability Report: Pages 56-57 (Board Meetings) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The Bank's Chief Compliance and Governance Officer (CCGO) is Atty. Aileen Paulette S. De Jesus and has a rank of Vice President II. Even though her corporate rank is lower than a Senior Vice President, she has direct reporting line to the Board through the Compliance and Corporate Governance Committees. She has the authority to review/evaluate and sign off on business policies and initiatives for any regulatory implications.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Atty. De Jesus' Profile https://chinabank.ph/news.aspx?title=China+Bank+a ppoints+new+Chief+Compliance+Officer 2020 Annual Financial Sustainability Report: Page 48 (Organizational Chart) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		

3. Compliance Officer is not a member of the board.	Compliant	<p>The Bank's CCGO, Atty. De Jesus, is not a member of the Bank's Board of Directors. Pursuant to BSP rules, the Compliance Division is an independent unit with the Chief Compliance Officer functionally reporting to the Compliance and Corporate Governance Committees of the Board, and administratively, to the President.</p> <p>Link/Reference:</p> <p>Members of the Board of Directors https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors </p>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Bank's CCGO is required to undergo continuous training program on Corporate Governance. Atty. De Jesus has attended the Bank's exclusive Annual Corporate Governance Training last 04 November 2020. The topics are on Sustainability in the Boardroom, Risk Management in the Age of Covid-19 and Culture of Innovation.</p> <p>Please refer to Annex 1 for a copy of her Certificate of Participation in the 2020 Advanced CG Training.</p>	

		<p>She has also attended SM Investment Corporation's (SMIC) corporate governance training last 23 October 2020.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 52 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>Bank Directors are required to act on a fully informed basis, in good faith and with due diligence for the best interest of the Bank. In order to provide them with relevant information, materials for the Board meetings are provided to them five (5) business days prior to the Board meeting. The corresponding minutes of the meetings are prepared after every session.</p> <p>The results of the meetings of the Board are posted on the Bank's website.</p> <p>Link/Reference:</p> <p>Other Disclosures ("CHIB Results of Board Meeting <Date>") https://chinabank.ph/corgov.aspx?title=Other+Disclosures</p> <p>To remind the directors of their duty to act on a fully informed basis, with due diligence and in the interest of the company, they are required to accomplish a Self-Assessment to ensure faithful performance of such duty.</p>	

Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The Bank adopts a top-down approach whereby the role of the Board is to convey the shareholders' expectations to Senior Management which in turn formulates the Bank's objectives and strategies into annual and 5-year business plan. The business plans and strategies are then presented to the Board for review and approval. On 05 February 2020, the Bank's 2020 - 2024 business plans were presented to the Board and after some deliberation, the Board approved Management's projections and recommendations.</p> <p>Please refer to Annex 3 for the corresponding certification from the Corporate Secretary.</p> <p>This is consistent with the Bank's Corporate Governance Manual which provides that the Board is primarily responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values.</p> <p>Links/References:</p> <ul style="list-style-type: none">• Bank's Mission, Vision and Values https://chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values• Corporate Governance Manual: Page 16 (Primary Responsibilities of the Board, Item 2.2.2) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>The Bank's mission, vision, corporate objectives and strategies are reviewed annually, while the Performance Report is presented to the Board by the Management on a quarterly basis, as evidenced by the corresponding minutes of the meeting.</p>	

		<p>Please refer to Annex 4 for the corresponding certification from the Corporate Secretary.</p> <p>The Board's efforts in monitoring these are also reflected in the Message to Stakeholders found in the Annual Financial and Sustainability Report. Also, part of the monitoring of the objectives / targets are met, are contained in the Quarterly Statement of Condition.</p> <p>In 2020, the Board directed and led the Management in taking the necessary measures to address the challenges brought about by the Covid-19 pandemic.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Bank's Mission, Vision and Values https://chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values 2020 Annual Financial and Sustainability Report: Pages 8-11 (Message to the Stakeholders) and 12-15 (Together Against Covid-19) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf Quarterly Statement of Condition https://chinabank.ph/about_china_bank.aspx?title=Quarterly+Statement+of+Condition 	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>VISION</p> <p>Drawing strength from our rich history, we will be the best, most admired, and innovative financial services institution, partnering with our customers, employees, and shareholders in wealth and value creation.</p>	

		<p>MISSION</p> <p>We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals here and abroad, to meet their financial needs and exceed their rising expectations.</p> <p>We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly engaged team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.</p> <p>We will maintain the highest ethical standards, sense of responsibility, and fairness with respect to our customers, employees, shareholders, and the communities we serve.</p> <p>CORE VALUES</p> <p>1. Integrity The firm's adherence to moral values which extends to servicing clients.</p> <p>2. High Performance Standards These are established professional methods of doing business that go beyond the typical routinary functions and designated results.</p> <p>3. Commitment to Quality The Bank aims to achieve the highest degree of excellence in terms of internal and external client relationship building and also includes offering clients a level of expertise that helps them focus on being more effective in their jobs and making the business grow.</p> <p>4. Customer Service Focus</p>	
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		<p>Practices that are focused/concentrated on delighting the clients, whether internal or external.</p> <p>5. Concern for People It is having a high regard for people's needs and welfare, whether in and out of the office.</p> <p>6. Efficiency It is quality and speed rolled into one. It is being able to handle several tasks and delivering them promptly and accurately without neglecting the quality of results or output.</p> <p>7. Resourcefulness / Initiative It is being capable of devising and initiating ways and means to achieve target goals and even beyond customer expectations.</p> <p>The Bank's mission, vision and core values, as well as the information on the periodic review being performed, are posted in the website.</p> <p>Link/Reference:</p> <p>Bank's Mission, Vision and Values https://chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	As specified in the replies for Recommendation 2.2 (items 1 and 2), the Board is fully aware of the Bank's performance and business environment because of the periodic presentation and/or discussion with Management of the corresponding items. Also, as mentioned throughout the Corporate Governance Manual, the Board, sitting en banc or through the committees, regularly monitor the status of the implementation of strategies and plans.	

		<p>Link/Reference:</p> <p>Corporate Governance Manual https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>Mr. Hans T. Sy is the Bank's Chairman of the Board. He also serves in the Board of other companies listed in the Philippine Stock Exchange, such as, SM Prime Holdings, SM Investments Corporation (as Advisor) and holds key positions in companies within the SM Group. He earned his Bachelor of Science in Mechanical Engineering from the De La Salle University. He participated in numerous trainings and seminars, the latest of which is the Advanced Corporate Governance Training conducted by the Institute of Corporate Directors last 04 November 2020. His election/appointment to the Board was confirmed by the Monetary Board of the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Director's Qualifications https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Board Skill Set Matrix and Measurable Objectives https://www.chinabank.ph/about_china_bank.aspx?title=Board+Policies 	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The Corporate Governance Manual provides that the Board is responsible for overseeing the selection and performance of senior management and heads of control functions.	

		<p>Guided by the Bank's Performance Management System and Succession Management Program, the Bank implements an individual career advancement, and conduct periodic review of the talent pipeline to identify gaps and manage the workforce requirement. As part of its succession planning efforts, potential successors for the above-mentioned critical positions are identified and developed, as appropriate.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 18-19 (Duties and Responsibilities of the Board of Directors, Item 2.3.3) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • By-Laws: Page 4 (Article IV, Section 3) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Proposed Amendments of By-Laws – June 2020: Page 3 (Vacancies) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf • 2020 Annual Financial and Sustainability Report: Page 43 (Talent Management and Performance Appraisal) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	Our By-Laws provides for replacements in the event of vacancy in the Board. We also have a Retirement Policy for Directors that is guided by the principle that the Bank is able to strengthen the composition of the Board, and provide it with members who collectively possess the skills	

		<p>and experience to help the Bank achieve its strategic goals.</p> <p>To promote dynamism in the corporation, as a matter of policy, a director shall remain in the Board of the Bank for as long he/she remains / continues to be fit for the position of a director. Whether or not a person is fit and proper for the position of a director, the following must be considered: integrity/probity, physical/mental fitness, relevant education, financial literacy and training, possession of competencies relevant to being a director, such as knowledge and experience, skills, diligence and independence of mind and sufficiency of time to fully carry out responsibilities.</p> <p>There is a retirement policy in place that governs the retirement of all Bank employees including key officers.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Retirement Policy for Directors https://www.chinabank.ph/about_china_bank.aspx?title=Board+Policies 2020 Annual Financial and Sustainability Report: Pages 53 (Retirement and Succession) and 59 (Senior Management Appointment and Succession) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The Bank's remuneration policy provides for fair and competitive salary and benefits commensurate with a senior / key officer's position/rank, responsibilities and experience, in consideration to the Bank's economic situation. In determining senior / key officer compensation, the Bank benchmarks with comparable	


		<p>organizations (similar size, organization structure, business risk, and management complexity).</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Report (SEC 17-A): Pages 84 (Remuneration Committee) and 245 (Remuneration of Directors and other Key Management Personnel) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf • 2020 Annual Financial and Sustainability Report: Page 59-60 (Executive Compensation) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<p>Under the By-Laws, members of the Board are entitled to 4% of the Bank's net earnings. On the other hand, officers are entitled to 10% of the net earnings, in such manner as the Board may determine based on the recommendation of the CEO.</p> <p>To attain the desired business results of the Bank, the Performance Management System Policy was institutionalized. The Bank's and Officers' performance are considered in determining the merit / promotion increases and performance bonus accorded to the officers.</p> <p>The Performance Management System Policy is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • For the Board of Directors, By-Laws: Page 11 (Article VIII, Section 1) 	

		https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf <ul style="list-style-type: none"> For the Board and Employees, 2020 Annual Report (SEC 17-A): Page 245 (Remuneration of Directors and other Key Management Personnel) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf 2020 Annual Financial and Sustainability Report: Pages 42-43 (Remuneration), 52 (Board Remuneration) and 59 (Executive Compensation) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>Directors of the Bank do not participate in the discussion or deliberation involving their remuneration.</p> <p>In accordance with the Bank's By-Laws, China Bank Directors are entitled to per diem for attendance at each Board/Board Committee meeting and to 4% of the Bank's net earnings.</p> <p>Amendments to the Bank's By-Laws were proposed in 2020, including the increase in the per diem of the directors, which shall now amount to P10,000. The amended By-Laws was ratified on June 18, 2020 during the Annual Stockholders' Meeting, subject to the approval of the BSP and SEC.</p> <p>Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank. Non-executive Directors, on the other hand, do not receive any performance-related compensation.</p>	

		<p>Links/References:</p> <ul style="list-style-type: none"> • By-Laws: Page 4 (Article IV, Section 11) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Proposed Amendments of By-Laws – June 2020: Page 4 (Per Diems) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf • Minutes of the 2020 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf • 2020 Annual Financial and Sustainability Report: Page 52 (Board Remuneration) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	<p>The Board of Directors is responsible for the approval of the remuneration of the Bank's senior executives and other employees, through the Remuneration Committee.</p> <p>In accordance with its Charter, the said Committee oversees the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the interest of all stakeholders and the Bank's culture, strategy, and control environment.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Remuneration Committee Charter 	

		https://www.chinabank.ph/pdf/Remuneration-Committee-Charter.pdf <ul style="list-style-type: none"> Corporate Governance Manual: Pages 67-68 (Remuneration Committee) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf <p>The corresponding proof shall be made available for validation, due to its confidentiality.</p>	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Non-Compliant		<p>Executive directors & senior executives are compensated based on clearly identified drivers of business growth such as attainment of target bank wide returns (ROE and ROA), market share, cross-sell ratio and other metrics aligned with the long-term interest of the Bank. The Bank will evaluate if there is a need to draft a policy for business transactions and deals for which the spirit of claw back provision would be applicable.</p> <p><i>Alternative to the Claw Back provision & Deferred Bonuses:</i></p> <p>Our Code of Ethics states that restitution may be imposed independently or together with any other penalty in case of loss or damage to the property of the Bank, its employees, clients or other parties doing business with the Bank. The Bank may recover the amount involved by means of salary</p>

			<p>deduction or whatever legal means that will prompt offenders to pay the amount involved. But restitution shall in no way mitigate the penalties attached to the violation or infraction.</p> <p>Forfeiture of benefits/privileges may also be effected in cases where infractions or violations were incurred in connection with or arising from the application/availment thereof.</p> <p>Link/Reference:</p> <p>Code of Ethics https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf </p>
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The Bank's Nomination Rules contains the nomination and election policy, which is updated annually or as the need arises.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	<p>The Nomination Rules form part of the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Nomination Rules https://www.chinabank.ph/pdf/2020-Nomination-Rules.pdf Corporate Governance Manual: Pages 11-12 (Nomination and Election of Directors) and Annex 1 	

		<p>(2020 Rules Governing the Nomination and Election of Directors)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p> <ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Page 52 (Nomination Process) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	<p>The 2020 Nomination Rules sets forth the nomination policies / requirements.</p> <p>In accordance with the By-Laws as to manner of voting, Article III, Section 7 provides that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Nomination Rules https://www.chinabank.ph/pdf/2020-Nomination-Rules.pdf Definitive Information Statement (SEC 20-IS) YE2019: Page 8 https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf 	

		<ul style="list-style-type: none"> By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf Proposed Amendment of By-Laws – June 2020: Pages 1-2 (Manner of Voting) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf 	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	<p>The Bank's 2020 Nomination Rules contain the corresponding provisions in short listing the nominees for directorship.</p> <p>The Corporate Governance and Nominations Committees pre-screen the qualifications of the nominees on the basis of the nominations and/or supporting papers and prepare a final list of candidates containing all relevant information about the nominees, and indicate the nominees for independent directors, if any. In the unlikely event that no one among the stockholders who made the nominations indicated any particular nominee as nominee for independent director, the Committees shall endorse by majority vote of their members the nominees for independent directors who meet the guidelines/criteria set by the regulatory agencies/offices of listed banks.</p> <p>In 2020, The Bank engaged the Institute of Corporate Directors, as a Search Firm, to aid in looking for qualified candidates for Independent Director.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Nomination Rules https://www.chinabank.ph/pdf/2020-Nomination-Rules.pdf 	

		<ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Pages 51-52 (Nomination and Election) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	<p>The Nominations Committee, in accordance with its Charter, is tasked to assess the effectiveness of the Board process and procedures in the election or replacement of directors.</p> <p>Link/Reference:</p> <p>Nominations Committee Charter https://www.chinabank.ph/pdf/Nominations-Committee-Charter.pdf </p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	<p>The position of a Director in China Bank is one of trust. Thus directors are selected for their integrity, credibility, leadership, and ability to render independent judgment, among others.</p> <p>The Bank's Nominations and Corporate Governance Committees are tasked to identify the quality of directors to ensure they are aligned with the strategic direction. The nomination and election process are set forth in the Nominations Rules that is incorporated in the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 66-67 (Nominations Committee) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf Nominations Committee Charter 	

		https://www.chinabank.ph/pdf/Nominations-Committee-Charter.pdf	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	<p>The Bank has engaged the Institute of Corporate Directors in sourcing out candidates for Independent Director.</p> <p>Please refer to Annex 5 for the e-mail sent by ICD in response to the Bank's request for list of possible candidates.</p>	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<p>The Board has the responsibility of approving the Bank's RPT policy, which covers guidelines and procedures for the review and approval of material RPTs to ensure that these are conducted at arm's length, and consistent with the objectives of BSP Circular 895 and SEC Memo No. 10 s2019.</p> <p>The policy serves as a guide for all the subsidiaries of the Bank in coming up with their respective RPT policies. There are also provisions in the policy requiring group-wide compliance, such as, reporting of material RPTs by the subsidiaries for consolidation & reporting by the Bank to the BSP, and annual reporting of conglomerate structure/map.</p> <p>In 2020, the RPT Policy was updated to comply with the rules of the BSP and SEC. It is uploaded to the Bank's internal public folder and on the Bank's website. Further, to aid in identifying the Bank's related parties, the RPT Registry is updated regularly.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> • Corporate Governance Manual: Pages 63-65 (Related Party Transactions Committee) and Pages 110-112 (Related Party Transactions) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • RPT Committee Charter https://www.chinabank.ph/pdf/RPT-Committee-Charter.pdf • RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf 	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p>The Bank's RPT policy requires all material RPTs to be reviewed and vetted upon by the RPT Committee before they are endorsed for the Board's approval. As guiding principle, RPTs shall be at arm's length, in the ordinary course of business & in the interest of the Bank and on substantially similar terms as those offered to other non-related parties.</p> <p>Price Discovery Mechanism is in place and due diligence is performed to determine the fair price, and that Benchmarking Guidelines are observed for both credit and non-credit transactions.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Gover+nance+Policies • RPT Committee Charter https://www.chinabank.ph/pdf/RPT-Committee-Charter.pdf 	

		<ul style="list-style-type: none"> RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf 	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<p>The Bank's RPT policy serves as guide for all the subsidiaries of the Bank in coming up with their respective RPT policies. As mentioned in the response to Recommendation 2.7 (1), there are requirements in the Bank's RPT policy mandating group-wide compliance, such as reporting of material RPTs by subsidiaries for consolidation & reporting by the Bank to the BSP, and annual reporting of conglomerate structure/map.</p> <p>Link/Reference:</p> <p>RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf</p> <p>The detailed RPT Policy is uploaded to the Bank's internal public folder.</p>	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	<p>The Bank has an extensive RPT policy that is kept updated, relevant and aligned with laws, rules and regulations. Starting 2018, specific materiality thresholds were established on a per transaction/per unit basis, pursuant to BSP requirement.</p> <p>Please refer to Annex 6 for a copy of the latest materiality threshold matrix.</p> <p>Furthermore, to comply with SEC Memo. No 10, the materiality threshold (for individual transactions or aggregate over a 12-month period for the same related party) was set by the Bank at 10% or higher of its total assets, based on the 2019 Audited Financial Statements.</p>	

		<p>Link/Reference:</p> <p>Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	<p>The Bank has no formal voting system allowing non-related party shareholders to approve RPTs. However, material RPTs are presented and ratified by all stockholders present during Annual Stockholders' Meeting. The foregoing process can be considered a similar approval, since both related and non-related shareholders are present during the meeting.</p> <p>Link/Reference:</p> <p>Minutes of the 2020 Annual Stockholders' Meeting: Pages 6 (Item VII) https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf</p>	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>The Board is primarily responsible for approving the selection of the CEO, including heads of control/oversight functions, namely, CRO, CCO and CAE, based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p> <p>Link/Reference:</p>	

		<p>Corporate Governance Manual: Pages 18-19 (Duties and Responsibilities of the Board of Directors, Item 2.3.3), 80 (Appointment of the CCO, item 1.2), 83 (Appointment of the CAE, item 1.1) and 96 (Appointment of the CRO, item 2.2)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>The Board is also responsible for the regular assessment of the performance of Management.</p> <p>The performance of the President (as the CEO) is done through a self-assessment and is reported to the Board through the CG Committee.</p> <p>The Board, through the appropriate Board Committees, exercises performance assessment of heads of the control functions, as follows: (i) CRO – the Risk Oversight Committee; (ii) CCO – Compliance & Corporate Governance Committees; and (iii) CAE – Audit Committee.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 18-19 (Duties and Responsibilities of the Board of Directors, Item 2.3.3 c)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	Compliant	<p>The Bank's Performance Management System is an integrated process that aligns the performance of employees with the Bank's strategic direction and business plans to ensure optimum organizational effectiveness.</p>	

		<p>The detailed Performance Management System Policy is uploaded to the Bank's internal public folder.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 43 (Talent Management and Performance Appraisal) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	Compliant	<p>The Bank greatly values its employees and ensures that they are well-provided for, most prominently with competitive compensation packages. The salary range complies with industry standards, while also considering an employee's responsibilities, experience, and performance. The Bank has institutionalized generous reward systems designed to encourage employees to perform above and beyond expectations. An employee's level in the organization is determined by the Job Grade (for rank and file employees) or Corporate Rank (for officers) identified with their position, which is the basis of compensation and benefits relative to the banking industry. The position title of an employee defines the general description of their function (e.g. Customer Relations Assistant, Branch Head) while the Job Grade and Corporate Rank determine the hierarchy in terms of pay and benefits (e.g. <i>Manager, Senior Manager, Assistant Vice President</i>).</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 42-43 (Remuneration) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p> <p>The detailed Performance Management System Policy is uploaded to the Bank's internal public folder.</p>	

Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>The Board is responsible for the establishment and review of the Bank's system of internal control while its day-to-day supervision falls upon the purview of the Management Committee.</p> <p>All of our employees are involved in our internal control processes to a certain extent and in specific capacities. The internal control system comprises a well-defined management structure with clear authorities, responsibilities, and operating procedures—this includes an enterprise risk management function under the Risk Oversight Committee and the Risk Management Group, a stringent compliance function that ensures the Bank complies with applicable laws, rules and regulations like good governance, anti-money laundering and anti-insider trading policies among others, a comprehensive planning and budgeting process led by the Financial Planning and Analysis Division that delivers detailed annual financial forecasts and targets for Board approval, and an internal audit function under the Audit Division.</p> <p>Links/References:</p> <ul style="list-style-type: none">• Internal Control and Risk Management https://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management• 2020 Annual Financial and Sustainability Report: Pages 60-65 (Internal Controls) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of	Compliant	<p>The Bank's internal control system includes mechanism for monitoring and managing conflict of interest.</p>	

interest of the Management, members and shareholders.		<p>In accordance with the Bank's Code of Ethics, conflict of interest between the Bank and its employees should be avoided at all times. However, should a conflict arise, the interest of the Bank must prevail. Employees are not permitted to have or be involved in any financial interests that are in conflict or appear to be in conflict with their duties and responsibilities to China Bank. They are likewise barred from engaging in work outside of the Bank unless with duly-approved permission, as well as work that lies in direct competition with the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics • Policy on Conflict of Interest https://www.chinabank.ph/corgov.aspx?title=Gover+nance+Policies • 2020 Annual Financial and Sustainability Report: Pages 60-65 (Internal Controls) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
3. Board approves the Internal Audit Charter.	Compliant	<p>The Bank's Internal Audit Charter was endorsed for approval by the Audit Committee and approved/ratified by the Board on July 17, 2019 and August 7, 2019, respectively.</p> <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p>	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk	Compliant	Aligned with the Board's responsibility of setting the tone at the top, the Board oversees that the Bank has in place	

<p>management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>		<p>a sound enterprise risk management framework through Risk Oversight Committee to ensure its functionality and effectiveness. It oversees the system of limits to discretionary authority that the board delegates to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 58-61 (Risk Oversight Committee) and 95-98 (Risk Management Function) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • 2020 Annual Financial and Sustainability Report: Pages 61-64 (Risk Management) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Organizational Chart (Reporting line of RMG to the Board) https://www.chinabank.ph/corgov.aspx?title=Our+Company 	
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Compliant</p>	<p>The Bank's Risk Management Group assists the Board in the enterprise-risk management function, which includes risk management strategies.</p> <p>The Bank's resiliency against risk is anchored on prudent risk-taking business model. It safeguards stakeholders' interest and the Group's assets with a balanced approach to risk management, undertaking only well considered risks for commensurate returns.</p>	

		<p>Our Risk Management Group (RMG), headed by Chief Risk Officer Ananias S. Cornelio III, executes the risk management function which is generally responsible for identifying, assessing, monitoring, and mitigating our key risks. RMG reports to the Board through the Risk Oversight Committee which has approval and oversight responsibility for our risk management framework and risk appetite. Risk identification and assessment are embedded in our control processes, employees at all levels are responsible for the management and reporting of risks, and risk management is reinforced as a discipline group-wide through trainings and communication.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 58-61 (Risk Oversight Committee) and 95-98 (Risk Management Function) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • Risk Management https://www.chinabank.ph/corgov.aspx?title=Risk+Management 	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	The Corporate Governance Manual serves as the Charter of the Board, and sets forth its function/role, duties and responsibilities. The duty of care and loyalty are the two key elements of the fiduciary duty of the Board. The duty of care requires the members of the Board to act on a fully informed basis, in good faith, with due diligence and care while the duty of loyalty is where the board members should act in the best interest of the Bank and all its stakeholder, such as the depositors, creditors, employees and regulators.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		

		<p>In addition, an Orientation Kit is provided to the new members of the Board. This document contains the specific duties and responsibilities of the Directors, as well as the applicable Board Committee Charters (i.e., those which the Director is a member of).</p> <p>Link/Reference:</p> <p>Corporate Governance Manual https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>The Bank's Policy on Insider Trading is included in the Corporate Governance Manual. Provisions regarding material non-public information and prohibited "tipping" / communication and penalties for illegal conduct of insider trading are included in the manual. Moreover, the policy on the disclosure of the directors' dealings in Bank shares is also contained therein.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 104-106 (Policy on Insider Trading) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p> <p>The detailed Insider Trading and Blackout Policy is uploaded to the Bank's internal public folder.</p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>Lending to Directors is not restricted or prohibited under existing regulations. The Bank's DOSRI (Directors, Officers, Stockholders and Related Interests) and RPT policies require that transactions with directors and other related</p>	

		<p>parties should be conducted at an arm's length basis and on terms not less favorable to the Bank.</p> <p>To avoid conflict of interest and based on the RPT policy of the Bank, any director who has interest in a transaction is required to disclose his/her interest and should abstain from the deliberation and approval of the related party transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Gover+nance+Policies • RPT Framework and Policy Guidelines: Page 15 (Avoidance of Conflict of Interest) https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf 	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	<p>In accordance with the Bank's DOSRI and RPT policies, lending to DOSRI, material related party transactions are required to be approved by Board of Directors, among others.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Gover+nance+Policies • RPT Framework and Policy Guidelines: Page 14 (Endorsement and Approval of RPTs) https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf 	

		<p>Under the Corporate Governance Manual, matters and authorities reserve to the Board for decision includes, among others, major capital expenditures, equity investments and divestments. The Board shall also establish the limits of the discretionary powers of each officer or committee, for purposes of lending, investing or other financial undertaking that exposes the Bank to significant risks.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 18 (Item 2.3.2 d) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p> <p>The powers of the Board are set out in Article IV, Section 1, of the Bank's By-Laws.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • By-Laws: Pages 3-4 (Article IV, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Proposed Amendments of By-Laws – June 2020: Pages 2-3 (Composition/Powers) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf 	
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p>Recommendation 3.1</p>			
1. Board establishes board committees that focus on specific board functions to aid in the	Compliant	To aid the Board in the effective performance of its functions, duties, and to address specific tasks / responsibilities, the Bank's Board of Directors created	

<p>optimal performance of its roles and responsibilities.</p>		<p>nine board-level committees namely: (1) Executive, (2) Corporate Governance, (3) Audit, (4) Compliance, (5) Risk Oversight, (6) Nominations, (7) Remuneration, (8) Related Party Transactions and (9) Trust Investment.</p> <p>Each committee has its own charter containing provisions on its composition, functions and responsibilities. These charters are posted on the Bank's website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Matters https://www.chinabank.ph/corgov.aspx?title=Board+Matters 2020 Annual Financial and Sustainability Report: Pages 48 (Organizational Chart) and 54-56 (Board Committees) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 3.2			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>The Audit Committee oversees all matters pertaining to audit such as internal audit function and performance, the integrity of the financial statements, and general accounting processes, among others. Moreover, it provides oversight on the senior management's activities, as well as the Bank's internal and external auditors. The Committee also monitors and evaluate the effectiveness of the Bank's internal control system.</p> <p>In relation to the Committee's oversight on external auditors, it can recommend their appointment (subject to stockholder ratification) or dismissal, as necessary.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf 2020 Annual Financial Sustainability Report: Page 96 (Report of the Audit Committee) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>In 2020, the Audit Committee is composed of three (3) non-executive directors, of whom – 2 are Independent Directors, in accordance with its Charter. The members of the Committee are:</p> <p>Mr. Alberto S. Yao (Chairman) – Lead Independent Director Mr. Joaquin T. Dee – Non-Executive Director Philip S. L. Tsai – Independent Director (<i>member up to June 17, 2020</i>) Ms. Margarita L. San Juan – Independent Director (<i>member from June 18, 2020</i>)</p> <p>Links/References:</p> <ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf Re-organization of Board Committees https://www.chinabank.ph/pdf/CHIB-Results-of-the-2020-Stockholders-and-Organizational-Meetings.pdf 	

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>The members of the Audit Committee have the relevant background / knowledge, skills and experience in the areas of accounting, auditing and finance.</p> <p>Link/Reference:</p> <p>Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>Mr. Alberto S. Yao is the Chairman of the Audit Committee. He is not the Chairman of the Board or of any other committee.</p> <p>Link/Reference:</p> <p>Audit Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters</p>	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>Based on the Audit Committee Charter, the Committee is tasked to approve audit and non-audit engagements.</p> <p>In 2020, the Audit Committee discussed, approved, and authorized to engage the services of SGV & Co for various non-audit work.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf 2020 Annual Report (SEC 17-A): Page: Page 63 (Item 7: Financial Statements) 	

		https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>The Audit Committee conducts regular meeting with the External Auditor without anyone from management team.</p> <p>Please refer to Annex 8 for the corresponding certification from the Corporate Secretary.</p>	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<p>The Audit Committee had 11 meetings in 2020.</p> <p>Link/Reference:</p> <p>Audit Committee Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters </p>	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>In accordance with the Audit Committee Charter, the appointment of the Internal Auditor is approved by the Audit Committee</p> <p>Link/Reference:</p> <p>Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf </p>	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly	Compliant	<p>The Corporate Governance Committee is tasked to assist the Board of Directors in fulfilling its corporate governance responsibilities by ensuring compliance with and proper observance of corporate governance laws, rules, principles and best practices.</p>	

<p>assigned to a Nomination and Remuneration Committee.</p>		<p>It is primarily responsible to oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate. Moreover, together with the Nominations Committee, it handles the nomination process for members of the Board of Directors and for positions requiring appointment by the Board. It also ensures that the members of the Board are provided with a continuing education program, and that they carry out the necessary periodic self-assessment. Also, part of the Committee's duties, is to define the general profile of Board members that the Bank may need and ensure that their knowledge, competencies and expertise will complement the existing skill of the Board.</p> <p>Link/Reference:</p> <p>Corporate Governance Committee Charter https://www.chinabank.ph/pdf/Corporate-Governance-Committee-Charter.pdf</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Compliant</p>	<p>The four (4) members of the Corporate Governance Committee are all Independent Directors. The members of the Committee are:</p> <p>Ms. Margarita L. San Juan (Chairman) Mr. Alberto S. Yao Mr. Philip S.L. Tsai Ms. Claire Ann T. Yap</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters Directors' Profile 	

		https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors <ul style="list-style-type: none"> Re-organization of Board Committees https://www.chinabank.ph/pdf/CHIB-Results-of-the-2020-Stockholders-and-Organizational-Meetings.pdf Changes in the Membership of the Corporate Governance Committee https://www.chinabank.ph/pdf/2020-10-07-CHIBPSEDisclosure-CHIB-Results-of-Board-of-Directors-Meeting-of-October-07-2020.pdf 	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>Ms. Margarita L. San Juan is the Chairman of the Corporate Governance Committee. She is an independent director.</p> <p>The charters contain all the required information related to the function of each committee and the specific duties of its members.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Re-organization of Board Committees https://www.chinabank.ph/pdf/CHIB-Results-of-the-2020-Stockholders-and-Organizational-Meetings.pdf 	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	The Corporate Governance Committee had 26 meetings in 2020, including 7 joint meetings with	

		<p>Compliance Committee and 17 joint meetings with Nominations Committee.</p> <p>Link/Reference:</p> <p>Corporate Governance Committee Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters</p>	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>The Risk Oversight Committee is responsible for the Bank's Enterprise Risk Management System, in accordance with its Charter.</p> <p>Link/Reference:</p> <p>Risk Oversight Committee Charter https://www.chinabank.ph/pdf/Risk-Oversight-Committee-Charter.pdf</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The Risk Oversight Committee is composed of 3 members – 2 are Independent Directors, namely:</p> <p>Mr. Philip S.L. Tsai (Chairman) Mr. Alberto S. Yao</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Risk Oversight Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • Re-organization of Board Committees 	

		https://www.chinabank.ph/pdf/CHIB-Results-of-the-2020-Stockholders-and-Organizational-Meetings.pdf	
3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	Compliant	<p>Mr. Philip S.L. Tsai is the Chairman of the Risk Oversight Committee (from June 18, 2020), while Ms. Margarita San Juan is the Chairman up to June 17, 2020. None of them is the Chairman of the Board or of any other committee for the covered period of their respective chairmanship.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Committees and their Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors 	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>The members of the Risk Oversight Committee are:</p> <p>Mr. Philip S.L. Tsai (Chairman) Mr. Hans T. Sy Ms. Alberto S. Yao</p> <p>Mr. Tsai is a seasoned banker and has thorough knowledge/experience on risk management & governance. Other members of the Committee have attended the relevant seminars to equip themselves of their responsibilities.</p> <p>Link/Reference:</p> <p>Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>	

Recommendation 3.5

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>The Bank has an RPT Committee that is responsible for reviewing all material related party transactions (RPTs) to ensure that they are conducted in accordance with the arm's length principles.</p> <p>Composed entirely of Independent Directors, the committee oversees the proper implementation of the RPT Framework and Policy, and ensures that corresponding transactions are duly identified, measures, monitored, controlled and reported.</p> <p>Links/References:</p> <ul style="list-style-type: none">• Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies• RPT Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters• RPT Committee Charter https://www.chinabank.ph/pdf/RPT-Committee-Charter.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>The four (4) members of the RPT Committee are all independent directors namely:</p> <p>Ms. Margarita L. San Juan (Chairman) Mr. Alberto S Yao Mr. Philip S.L. Tsai Ms. Claire Ann T. Yap</p> <p>Links/References:</p> <ul style="list-style-type: none">• RPT Committee Members	

		https://www.chinabank.ph/corgov.aspx?title=Board+Matters <ul style="list-style-type: none"> • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • Re-organization of Board Committees https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf • Changes in the Membership of the RPT Committee https://www.chinabank.ph/pdf/2020-10-07-CHIBPSEDisclosure-CHIB-Results-of-Board-of-Directors-Meeting-of-October-07-2020.pdf 	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<p>All committees have their own respective Charters. The charters contain all the required information related to the function of each committee and the specific duties of its members. The Charters also provide for the performance evaluation of the committee.</p> <p>All charters are made available in the Bank's website.</p>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<p>Link/Reference:</p> <p>Committee Charters https://www.chinabank.ph/corgov.aspx?title=Board+Matters</p>	
3. Committee Charters were fully disclosed on the company's website.	Compliant		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>In 2020, the Board actively participated in Board Meetings either in person or through remote communication/video or tele-conferencing as required in the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 44-45 (Conduct of Meetings, Attendance and Quorum Requirement) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • Board Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters • Minutes of the 2020 Annual Stockholders' Meeting: Page 1 (Directors Present, via Remote Communication) https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf • Minutes of the 2020 Special Stockholders' Meeting: Page 1 (Directors Present, via Remote Communication) https://www.chinabank.ph/pdf/100120-MINUTES-OF-THE-2020-SSM.pdf 	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>The members of the Board are provided with materials within five (5) days prior to Board and Committee meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Page 45 (Board Materials) 	

		https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf <ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Pages 56-57 (Board Meetings) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>The minutes of meetings reflect robust discussions by the Board on issues/proposals/initiatives presented by Management. Whenever necessary, or to arrive at an informed decision, Board members would seek clarification and/or explanation during the meetings.</p> <p>The corresponding minutes of meetings shall be made available upon validation.</p>	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>The Bank, in selecting independent directors and non-executive directors, considers the number and types of entities where the candidate is likewise elected as such, to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities. In relation to the limit on directorship of independent directors and non-executive directors, the Bank policy follows the corresponding MORB provision which states that:</p> <p><i>"There shall be no limit in the number of covered companies a person may be elected as non-executive director or independent director, except in conglomerates where an ID can only be elected up to five (5) listed companies within the conglomerate. Each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement."</i></p>	

		<p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 4-8 (Independent and Non-Executive Directors) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors 	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	<p>Bank directors are required to notify the Board before accepting a directorship in another company. The Bank's policy on multiple Board seats is included in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 35 (Multiple Board Seats / Interlocking/Concurrent Directorship) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<p>The Bank has only two (2) Executive Directors and they do not serve in more than two boards of listed companies outside of the group.</p> <p>Link/Reference:</p> <p>Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>	

<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<p>Compliant</p>	<p>Consistent with the provision in the Bank's By-Laws, regular meetings of the Board are set every first Wednesday of the month, while special meetings may be called by the Chairman or the CEO, as deemed necessary. In the same manner, Board-level committees have regular meetings, as stipulated in their respective charters.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • By-Laws: Page 4 (Article IV, Sections 4 and 5) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Committee Charters https://www.chinabank.ph/corgov.aspx?title=Board+Matters • 2020 Annual Financial and Sustainability Report: Pages 56-57 (Board Meetings) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
<p>3. Board of directors meet at least six times during the year.</p>	<p>Compliant</p>	<p>The Board of Directors had 18 meetings in 2020, including the organizational meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Definitive Information Statement (SEC 20-IS): Page 13 (Board Meetings) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf • 2020 Annual Financial and Sustainability Report: Pages 56-57 (Board Meetings) 	

		https://www.chinabank.ph/pdf/2020-Annual-Report.pdf <ul style="list-style-type: none"> Board Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters 	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	<p>It is the policy of the Bank to encourage all members of the Board to attend board meetings regularly.</p> <p>If a member of the Board cannot attend personally, subject to existing rules, he / she may participate in meetings through remote communication such as teleconference or videoconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.</p> <p>In cases where a decision is to be arrived at by the Board, as a matter of policy, decisions should be made only upon quorum of 2/3 members of the Board present, unless a different voting requirement is required by existing laws, rules and regulations.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 44-45 (Conduct of Meetings, Attendance and Quorum Requirement) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The Bank's Board is composed of 12 directors and one-third of the Board or at least four (4) are Independent Directors, namely:	
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		<p>Mr. Alberto S Yao Mr. Philip S.L. Tsai Ms. Margarita L. San Juan Ms. Angeline Ann H. Hwang+ <i>(elected on May 2, 2019 and passed away on April 11, 2020)</i> Ms. Claire Ann T. Yap <i>(elected on October 1, 2020)</i></p> <p>Links/References:</p> <ul style="list-style-type: none"> • By-Laws: Page 3 (Article IV, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Minutes of the 2020 Annual Stockholders' Meeting: Pages 6-8 (Election of the Board of Directors) https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf • Minutes of the 2020 Special Stockholders' Meeting: Page 3 (Election of Independent Director) https://www.chinabank.ph/pdf/100120-MINUTES-OF-THE-2020-SSM.pdf 	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>Each of the Independent Directors nominated to the Board in 2020 certified that he/she possess all the qualifications and none of the disqualifications, as contained in the Bank's Definitive Information Statement.</p> <p>Links/References:</p> <p><u>Definitive Information Statement (SEC 20-IS)</u></p> <p>For the Independent Directors elected on the 18 June 2020 Annual Stockholders' Meeting – Pages 28-30 https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf</p>	

		For the Independent Director elected on the 01 October 2020 Special Stockholders' Meeting – Page 30 https://www.chinabank.ph/pdf/CHIB-Amended-Definitive-20-IS-PSE-PDEX.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<p>The Bank is not aware of any shareholder agreement that constrain a director's ability to vote, but in accordance with the By-Laws, and the Corporation Code, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder.</p> <p>Link/Reference:</p> <p>2020 Definitive Information Statement (SEC 20-IS): Pages 7-8 https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>None of the Bank's IDs has exceeded the stated term limit. The information on the number of years of their service as directors, are posted on the website and in the 2020 Annual Financial and Sustainability Report of the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors 2020 Annual Financial and Sustainability Report: Pages 76-79 (Board of Directors) 	

		https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p>In accordance with the Bank's CG Manual, an independent director shall serve for a cumulative term of nine (9) years, reckoned from 2012. After the nine (9) years, the independent director shall be perpetually barred from re-election as such in the Bank. However, he may continue to qualify as a regular director of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 7 (Term Limit for Independent Directors)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>In 2020, there is no independent director of the Bank who has served for more than nine (9) years reckoned from 2012. The Independent Directors are:</p> <p>Mr. Alberto S. Yao – served for eight (8) years only Ms. Margarita San Juan – served for three (3) years only Mr. Philip S.L. Tsai – served for two (2) years only Ms. Angeline Ann H. Hwang+ – served for one (1) year only Ms. Claire Ann T. Yap – served for two (2) months only</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • 2020 Annual Financial and Sustainability Report: Pages 76-79 (Board of Directors) 	

		https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p>The position of the Chairman and the Chief Executive Officer are held by separate individuals.</p> <p>Mr. Hans T. Sy is the Chairman of the Board, while Mr. William C. Whang is the President.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 51 (Separation of Roles)</p> <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>The position of Chairman of the Board and President are held by two different people, and their roles are clearly distinct and separate. The Chairman and the President are not related to each other either by consanguinity or affinity.</p> <p>Chairman Hans T. Sy, being a non-executive Director, is not involved in the day-to-day operations of China Bank, but is responsible for the leadership and effective running of the Board, including maintaining a relationship of trust with Board members, promoting a sound decision-making process by encouraging critical discussion of dissenting views and ensure that the performance of the Board is evaluated at least once a year. He chairs Board meetings and makes certain that agenda is focused on strategic matters, including risks, arranges regular and/or separate sessions with the non-executive Directors to review Management's performance.</p> <p>The President, who reports to the Board, is ultimately responsible for managing China Bank's day-to-day</p>	

		<p>operations, as well as the development and execution of the corporate and business strategies as established by the Board of Directors.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 8-9 (Responsibilities of the Chairman) and Pages 9-10 (Separation of the Duties of the Chairman and CEO) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • 2020 Annual Financial and Sustainability Report: Page 51 (Separation of Roles) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>Mr. Alberto S. Yao is the Bank's lead Independent Director. His duties and responsibilities are in the CG Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Page 10 (Lead Independent Director) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • Re-appointment/re-designation of Mr. Yao as Lead Independent Director https://www.chinabank.ph/pdf/CHIB-Results-of-the-2020-Stockholders-and-Organizational-Meetings.pdf 	
Recommendation 5.6			

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>Any director of the Bank who has an interest in the transaction shall not participate in the deliberation and shall abstain in the approval of the transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 111 (Item 1.8) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 2020 Annual Financial and Sustainability Report: Page 58 (Related Party Transactions) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	<p>To maintain objectivity and independence, periodic meetings between NEDs/Independent Directors (including the Lead Independent Director) and Heads of Compliance, Internal Audit and Risk are held in accordance with the relevant Committee Charters (i.e., Compliance Audit, Risk & Corporate Governance). These meetings are conducted without the presence of management.</p>	
2. The meetings are chaired by the lead independent director.	Compliant	<p>A meeting was likewise convened with the external auditor, IAD and members of the Audit Committee, without the presence of management.</p> <p>Please refer to Annex 8 for the corresponding certification from the Corporate Secretary.</p>	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	<p>None of the directors is a former CEO of the Bank. The former President and CEO, Mr. Ricardo Chua retired last 31 October 2017. He assumed the position of Advisor to the Board last 01 November 2017.</p>	

		<p>Link/Reference:</p> <p>Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>	
<p>Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p>			
<p>Recommendation 6.1</p>			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	<p>The Board conducts an annual review of its performance, including assessment for individual directors, independent directors and all board-level committees through a self-assessment. The Chairman's assessment is also undertaken together with the Board assessment.</p> <p>The results thereof are reported to the Board through the Corporate Governance Committee. Copies of the self-assessments are with the Corporate Governance Officer, and available for viewing by SEC.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 49 (Performance Evaluation) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 2020 Annual Financial and Sustainability Report: Pages 52-53 (Performance Evaluation) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		

5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p>To comply with the rule on independent external assessment every three (3) years, the Good Governance Advocates and Practitioners of the Philippines (GGAPP) was engaged by the Bank in 2019 to handle the validation of the 2018 assessment of the Board, Chairman and the Board-level committees.</p> <p>The Bank's internal scoring criteria was adopted to ensure comparability of quantitative results. GGAPP confirmed that the Board is generally capable of providing the needed corporate direction as collective strengths of its members and the strong leadership of the Chairman provide the essential pillars that give way to the seamless performance of the body's responsibilities.</p> <p>The copy of the official report from GGAPP shall be made available for viewing, upon request.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 53 (Independent Board Evaluation) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	<p>As mentioned above, the performance assessment of the Board, individual directors and board-level committees is done through self-assessment.</p> <p>On the other hand, the Bank also welcomes communications on matters pertaining to the management of the Bank, stockholders' rights, or any other bank-related issues of importance. Stockholders who wish to communicate with any or all of the members of the Board, may send letters to identified units / personnel.</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		

		<p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 52-53 (Performance Evaluation) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p> <p>Investors, analysts, the financial community, Shareholders and other stakeholders may direct their concerns of feedback to the Bank's Investor Relations Group. Customers may raise their inquiries or concerns to the Bank's Contact Center.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Investors Information https://www.chinabank.ph/corgov.aspx?title=Investors+Information 2020 Annual Financial and Sustainability Report: Pages 46-69 (China Bank as Steward) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf Contact Center https://www.chinabank.ph/contact_us.aspx 	
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	<p>The Bank's core values are the foundation of the Bank's Code of Ethics – for the Board of Directors and employees, wherein the Board spearheads the commitment of the Bank to adhere to the ethical conduct of its business embodying the principles of integrity, fairness, accountability and transparency.</p> <p>Link/Reference:</p>	
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2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<p>The Code of Ethics for Directors provides the guiding principles on the performance of their duties in accordance with the fit and proper rules; and establishes standards for professional and ethical conduct. Each Director is required to acknowledge receipt of the Code.</p> <p>To ensure that business is carried out in compliance with relevant laws and in the protection of the interest of the Bank's customers, shareholders and other stakeholders, the Human Resources Group has disseminated a Code of Ethics for Employees to all personnel, including new hires. Employees are required to sign an acknowledgement receipt that they have received a copy of the Code.</p> <p>The copies of the Codes are also made available in the Bank's intranet to be readily accessible to all employees. A comprehensive discussion on the Code of Ethics is conducted with new employees of the Bank to foster a culture of awareness on the Bank's core values. Such discussion also highlights the behavioral standards, business conduct, and corresponding sanctions for violations of the Code of Ethics.</p> <p>Link/Reference:</p> <p>Code of Ethics (for Directors and Employees) https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p>	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing	Compliant	The applicable violations for each provision in the Bank's Code of Ethics are stated below:	

<p>and penalizing company involvement in offering, paying and receiving bribes.</p>		<p>Honesty (Table 6.1) Fraud, soliciting money, gifts, shares, benefits or favors from any person or through mediation of another as a condition for the performance of one's duty</p> <p>Proper Conduct and Behavior (Table 6.3) Offering or receiving money or other valuable consideration in exchange for a job, position or better working condition; Offering, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank; Borrowing/solicitation of personal business from clients</p> <p>Conflict of Interest (Table 6.7) Having direct or indirect financial interests that conflict or appear to conflict with his duties and responsibilities as an employee of the Bank</p> <p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption.</p> <p>We take our legal responsibilities very seriously and expect our directors and employees at all levels and grades to do the same. directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing</p>	
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		<p>any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Link/Reference:</p> <p>Code of Ethics (for Directors and Employees) https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<p>The Board requires full compliance with the Code of Ethics. The Board, through Human Resources Group (HRG), ensures that every employee is aware of and upholds the Code. To promote compliance with the Code, all new employees are given a copy of the Code of Ethics booklet and undergo the New Employees' Orientation Course (NEOC) for staff and Orientation for New Officers (ONO) for officers wherein the Code is comprehensively discussed.</p> <p>The Bank implements the Code of Ethics with a robust disciplinary program wherein proven infractions and violations of employees to the code are acted upon in accordance with the Code.</p> <p>Links/Reference:</p> <ul style="list-style-type: none"> • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics • 2020 Annual Financial and Sustainability Report: Page 57 (Code of Ethics) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Board ensures the proper and efficient implementation and	Compliant	The Board, through the Management, has instituted the appropriate control mechanisms to ensure proper	

monitoring of compliance with company internal policies.		<p>implementation and adherence to all Bank policies and other regulations.</p> <p>Furthermore, upon breach of the Code of Ethics, the concerned employees are subjected to the disciplinary program of the Bank.</p> <p>Link/Reference:</p> <p>Code of Ethics (Compliance with Standard Operating Policies and Procedures) https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p> <p>Moreover, compliance to internal policies forms part of compliance testing & audit by the Compliance & Internal Audit Divisions, respectively. Test results are reported to the Compliance and Audit Committees.</p>	
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Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Bank strongly believes that disclosure of relevant information about the company to its shareholders and other stakeholders is crucial for them to make an informed decision. Relevant information are timely disclosed in the website. In accordance with the Corporate Governance Manual, the Bank continuously expands its public disclosure requirements and ensures observance of expectations and requirements prescribed under relevant laws, rules and regulations, and industry standards on disclosure.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 106-107 (Access to Relevant Information) 	
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		https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 60 (Disclosure and Transparency) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Company Disclosures and Investor Relations https://www.chinabank.ph/corgov.aspx 	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	<p>The 2019 and 2020 audited financial statements were disclosed through the PSE Electronic Disclosure Generation Technology (EDGE) on February 28, 2020 and February 26, 2021, respectively. Quarterly reports are submitted to PSE and SEC within 45 days from quarter-end.</p> <p>Interim reports are likewise published within 45 days from end of the reporting period.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Audited Financial Statements https://www.chinabank.ph/pdf/2020-02-28-CHIBPSEDisclosure-China-Banking-Corporation-2019-Audited-Financial-Statements.pdf • 2020 Audited Financial Statements https://www.chinabank.ph/pdf/2021-02-26-CHIBPSEDisclosure-China-Banking-Corporation-2020-Audited-Financial-Statements.pdf • Quarterly Report (SEC 17-Q) https://www.chinabank.ph/corgov.aspx?title=SEC+Form+17-Q+(Quarterly+Report) 	

<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>The Bank's controlling shareholders are disclosed in the Bank's 2020 Annual Financial Sustainability Report, under Top 20 Holders of Bank Common Shares and Record and Beneficial Owners Holding 5% or More Voting Securities</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Definitive Information Statement: Pages 9-10 (Security Ownership of Certain Record and Beneficial Owners and Management) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf • 2020 Annual Financial and Sustainability Report: Pages 66 (Top 20 Holders of Bank Common Shares) and 67 (Record and Beneficial Owners) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 8.2			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>In accordance with the Bank's updated Corporate Governance Manual, the directors are required to disclose their dealings in Bank shares within three business days after the transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Page 106 (Dealings of Directors in Bank Shares) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • Statement of Beneficial Ownership (SEC 23-A/B) https://www.chinabank.ph/corgov.aspx?title=SEC+Form+23-A/B+(Statement+of+Beneficial+Ownership) 	

2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>In compliance with PSE requirements, all dealings of Principal Officers are required to be disclosed/reported within three business days.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 57 (Insider Trading)</p> <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p>The information regarding record and beneficial owners, and shareholdings of directors and executive officers are contained in the Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Pages 67 (Beneficial Owners), 67-68 (Trading in Company Shares) and 69 (Conglomerate Map) <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p> <ul style="list-style-type: none"> 2020 Definitive Information Statement (SEC 20-IS): Page 258 (Conglomerate Map) <p>https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of	Compliant	<p>All relevant information about the Bank's directors and key officers are available in the website.</p> <p>Links/References:</p>	

interest that might affect their judgment.		<ul style="list-style-type: none"> Board Skill Set Matrix https://www.chinabank.ph/about_china_bank.aspx?title=Board+Policies 	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Management Committee https://www.chinabank.ph/about_china_bank.aspx?title=Management+Committee Public Ownership Report (as of December 31, 2020) https://www.chinabank.ph/pdf/2021-01-15-CHIBPSEDisclosure-Public-Ownership-Report-as-of-31-December-2020.pdf 	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>All Directors are entitled to per diem for attendance at each Board/board Committee meeting and to 4% of the Bank's net earnings.</p> <p>Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank.</p> <p>Non-executive Directors, do not receive any performance-related compensation.</p> <p>The proposed amendments to the Bank's By-Laws include the increase in the per diem of the directors, which shall now amount to P10,000. The amended By-Laws was ratified on June 18, 2020 during the Annual Stockholders' Meeting, subject to the approval of the BSP and SEC.</p>	

		<p>Links/References:</p> <ul style="list-style-type: none"> By-Laws: Pages 3-4 (Article IV, Section 11) and Page 11: (Article VIII, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf Proposed Amendments of By-Laws – June 2020: Page 4 (Per Diems) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf 	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	<p>The Bank's Remuneration System is anchored on the principle of fair, transparent, and performance-based reward. The general remuneration policy is to provide fair and competitive salary and benefits to employees commensurate with their experience, responsibilities, job grade/corporate rank and position.</p> <p>A proportion of the executive directors' remuneration, as reviewed by the Compensation & Remuneration Committee, should be structured so as to link reward to corporate and individual performance. No director should be involved in deciding his/her own remuneration.</p> <p>The annual report, information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <ul style="list-style-type: none"> Directors are entitled to per diem at each Board/board Committee meeting and to 4% of the Bank's net earnings. Executive Directors are 	

		<p>appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank.</p> <p>As mentioned in the response for item 1 above, the per diem has been increased to P10,000.00.</p> <ul style="list-style-type: none"> • Non-executive Directors do not receive any performance-related compensation. <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 52 (Board Remuneration) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • By-Laws: Page 5 (Article IV, Section 11) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Proposed Amendments of By-Laws – June 2020: Page 4 (Per Diems) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf 	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<p>The individual remuneration of directors is disclosed in the Bank's 2020 Definitive Information Statement submitted to the SEC, and the Annual Financial and Sustainability Report.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> 2020 Definitive Information Statement (SEC 20-IS): Page 25 (Compensation of Directors and Executive Officers) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf 2020 Annual Financial and Sustainability Report: Page 52 (Board Remuneration) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>The Corporate Governance Manual contains relevant policies on related party transactions.</p> <p>In accordance with the said policy, "In case a member has conflict of interest in a particular RPT, he should refrain from participation in the deliberation and approval of that particular transaction."</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 63-65 (Related Party Transactions Committee) and 110-112 (Related Party Transactions) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Gover+nance+Policies RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf 	

2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>The summary of the material related party transactions and outstanding loan balances are disclosed in the Bank's 2020 Definitive Information Statement. Details have been disclosed through the submission of required periodic report to the BSP.</p> <p>The list of material RPTs reviewed by the RPT Committee in 2020 is available for viewing, upon request.</p> <p>Link/Reference:</p> <p>2020 Definitive Information Statement (SEC 20-IS): Page 24 (Material RPTs for 2020)</p> <p>https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>Directors are required to promptly and fully disclose any interest: personal, whether actual or potential in nature that they may have in credit transactions or any other transactions. Directors with personal interest in a transaction shall not participate in any deliberation, approval, or voting on the matter.</p> <p>RPTs of directors are reported to the BSP and presented for ratification during the annual stockholders meeting. RPTs are also disclosed in the Definitive Information Statement.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 110-112 (Related Party Transactions) <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	

		<ul style="list-style-type: none"> Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies Code of Ethics: Pages 5-6 (Conflict of Interest) https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf <p>In 2020, the Bank further enhanced its Conflict of Interest practices through the adoption of the Disclosure Form on Conflict of Interest and Related Party Transactions for directors.</p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	<p>RPTs are thoroughly reviewed and verified as having been entered into in the best interest of the Bank, in the ordinary course of business and on substantially same terms as those prevailing at the time for comparable transactions with other parties, as required under the RPT policy.</p> <p>Material RPTs are reviewed by the RPT Committee and endorsed for approval by the Board, reported to the BSP, disclosed in the Definitive Information Statement and the summary total is presented for ratification during the Annual Shareholders meeting, including all acts of the Board for the year on related party transactions.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 110-112 (Related Party Transactions) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies 	

		<ul style="list-style-type: none"> 2020 Definitive Information Statement (SEC 20-IS): Page 24 (Material RPTs for 2020) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf 2020 Annual Financial and Sustainability Report: Page 58 (Material RPTs for 2020) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p>Material transactions, particularly on the acquisitions or disposal of significant assets, are timely disclosed in accordance with PSE & SEC rules on disclosures. All disclosures are posted in the website.</p> <p>Additionally, material acquisitions / disposals, if any, are included in the Definitive Information Statement.</p> <p>Link/References:</p> <ul style="list-style-type: none"> 2020 Definitive Information Statement (SEC 20-IS) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf Corporate Disclosures https://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures 	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Corporate Governance Manual requires the Board to appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. If the acquisition or disposal is an RPT, the rules & procedures under the RPT policy shall apply.	

		<p>The fair values of the transaction price are determined through appraisal reports from internal and/or independent/external appraisers, external brokers and market surveys from different sources.</p> <p>In 2020, Professional Asset Valuers Inc. (PAVI) has been engaged to assist the Bank in valuation of selling price of acquired assets.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 102 (item 7) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	<p>The Bank is not aware of any agreement or arrangement which may impact on the control, ownership and strategic direction of the Bank. Relevant ownership information is disclosed in the Bank's Definitive Information Statement.</p> <p>Link/Reference:</p> <p>2020 Definitive Information Statement: Pages 9-10 (Security Ownership of Certain Record and Beneficial Owners and Management) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<p>The Corporate Governance Manual aims to institutionalize the principles of good corporate governance in the organization.</p>	

		The latest revised version has been duly submitted to SEC and PSE, and posted accordingly in the website.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	Link/Reference:	
3. Company's MCG is posted on its company website.	Compliant	Corporate Governance Manual https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The revised Corporate Governance Manual was submitted via e-mail to the SEC last April 15, 2021. Receipt was acknowledged on the same day, also by e-mail. On April 26, 2021, the Corporate Governance and Finance Department (CGFD) confirmed receipt via e-mail. The corresponding memo addressed to PSE is found on the first page of the manual. Link/Reference: Corporate Governance Manual https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	The required information are disclosed in the Bank's 2020 Annual Report (SEC 17-A) and/or Annual Financial and Sustainability Report. The corresponding links/references are as follows:	
a. Corporate Objectives	Compliant	2020 Annual Financial and Sustainability Report: Pages 9-11 (Message to Stakeholders) and 18-19 (Corporate Objectives) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	

b. Financial performance indicators	Compliant	<ul style="list-style-type: none"> 2020 Annual Report (SEC 17-A): Pages 256 (Financial Performance Indicators) and 272 (Financial Soundness Indicators) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf 2020 Annual Financial and Sustainability Report: Pages 6-7 (Financial Highlights) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
c. Non-financial performance indicators	Compliant	2020 Annual Financial and Sustainability Report: Pages 22-23 (SDG Contributions) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
d. Dividend Policy	Compliant	2020 Annual Report (SEC 17-A): Page 87 (Dividend Policy) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	2020 Annual Report (SEC 17-A): Pages 64-66 (Incumbent Directors and Advisor) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf	
f. Attendance details of each director in all director meetings held during the year	Compliant	2020 Annual Report (SEC 17-A): Pages 66 (Board Attendance) and 82-85 (Committee Attendance) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf	
g. Total remuneration of each member of the board of directors	Compliant	The individual remuneration of directors is disclosed in the Bank's 2020 Definitive Information Statement, SEC Form 17-A (Annual Report) and the Annual Financial and Sustainability Report.	

		<p>Link/Reference:</p> <p>2020 Annual Report (SEC 17-A): Page 245 (Remuneration of Directors and other Key Management Personnel)</p> <p>https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf</p>	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>"In 2020, the Bank has fully complied with all the material provisions of the Corporate Governance Manual."</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 57 (Corporate Governance Manual)</p> <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	<p>The Board is ultimately responsible for the establishment and review of the Bank's system of internal controls. China Bank's internal control system is comprised of a robust compliance system, an enterprise risk management function and an internal audit function. It follows a well-defined organizational structure with clear authorities, responsibilities and operating procedures.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Pages 60-65 (Internal Controls) <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p> <ul style="list-style-type: none"> Internal Controls <p>https://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management</p>	
4. The Annual Report/Annual CG Report contains a statement from	Compliant	The Committee assessed the implementation, adequacy and effectiveness of the internal control	

the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.		<p>policies of the Bank, covering financial, operational and compliance controls, and risk management.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 96 (Report of the Audit Committee – Evaluation of Adequacy and Effectiveness of Internal Control)</p> <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	<p>The Bank recognizes that the business of banking entails risk and the key to long-term success is effective risk mitigation. The Bank's corporate governance structure keeps pace with these changing threats thru a risk management program that calls for a continuing reassessment of risks and controls, and timely reporting to the Board.</p> <p>The risks to which the Bank is exposed are discussed in its Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Pages 61-64 (Risk Management) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Risk Management https://www.chinabank.ph/corgov.aspx?title=Risk+Management 	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>The Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to stockholder ratification.</p> <p>The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors.</p> <p>The related provisions are stipulated under the Audit Committee Charter.</p> <p>Link/Reference:</p> <p>Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>As provided under the Audit Committee Charter, the appointment of the Bank's incumbent external auditor, SGV & Co. has been presented to, and duly ratified by the stockholders.</p> <p>As stated in the reply above, the audit fees are endorsed by the Audit Committee.</p> <p>99.99% of the stockholders in attendance voted for the appointment of SGV & Co. last June 18, 2020.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Annual Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2020_Votes_.pdf 	

		<ul style="list-style-type: none"> Minutes of the 2020 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf 	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p>The incumbent external auditor of the Bank, SGV and Co. was re-elected in 2020.</p> <p>Link/Reference:</p> <p>Minutes of the 2020 Annual Stockholders' Meeting: Page 8 (Appointment of External Auditor) https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf </p>	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>The Bank's external auditor shall be rotated or the signing partner shall be changed every five years or earlier.</p> <p>In compliance with the rule/policy on rotation, Ms. Josephine Adrienne A. Abarca was assigned as SGV & Co.'s partner-in-charge starting 2020.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 94 (Rotation of the External Auditor) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 2020 Definitive Information Statement (SEC-20-IS): Page 26 (Independent Public Accountants) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf 	
Recommendation 9.2			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	<p>The assessment of the independence of the external auditor and oversight, among others are part of the responsibilities of the Audit Committee.</p> <p>The responsibilities of the Audit Committee are discussed in the Charter.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Pages 2-6 (Duties and Responsibilities) https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	<p>As specified in the Audit Committee Charter, the Committee has the responsibility to oversee the external auditors.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Page 5 (External Auditors) https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>	
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	Compliant	<p>The Audit Committee is tasked to evaluate the qualifications, performance, competence and independence of the external auditors.</p> <p>Link/Reference:</p>	

		Audit Committee Charter: Page 5 (External Auditors) https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<p>The Audit Committee is likewise responsible in reviewing and discussing the scope and plan of the annual audit, including coordination of audit effort with internal audit and rotation process of the external auditor/firm.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Page 5 (External Auditors) https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	<p>In 2020, our External Auditor, SGV & Co. / Ernst & Young has performed non-audit services like review and advisory services and the independent validation of votes in the Annual Stockholders' Meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Report (SEC 17-A): Page 63 (Item 7, Financial Statements) https://www.chinabank.ph/pdf/CHIB-2020-SEC-17A-Report.pdf • 2020 Annual Financial and Sustainability Report: Page 65 (External Audit) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services,	Compliant	The Bank's Audit Committee is responsible for the review and confirmation of the independence of external auditors by obtaining statements regarding the relationship between the auditors and Bank, including	

which could be viewed as impairing the external auditor's objectivity.		<p>non-audit services, and discussing the relationships with the auditors.</p> <p>Relative to this, the Audit Committee discussed, approved, and authorized the engagement of SGV & Co. / Ernst & Young in non-audit work for review and advisory services and the independent validation of votes in the Annual Stockholders' Meeting, in 2020.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 54-56 (Responsibilities on Internal and External Audits) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	<p>In 2020, the Banks independent accountant, SGV & Co. was paid the following fees:</p> <p>Audit and other related fees – P 10,554,544 All other fees – P 1,900,326</p> <p>The non-audit fees did not outweigh the fees for audit services.</p> <p>Link/Reference:</p> <p>2020 Definitive Information Statement (SEC 20-IS): Page 26 (Independent Public Accountants) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
Additional Recommendation to Principle 9			

1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>The corresponding details are as follows:</p> <p>Josephine Adrienne A. Abarca SEC Accreditation No. 0466-AR-4 (Group A), November 13, 2018, valid until November 12, 2021</p> <p>Sycip, Gorres, Velayo & Co. 6760 Ayala Avenue Makati City/1226, Philippines 891 0307</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<p>SGV was subjected to SOAR inspection from November 12 to 23, 2018.</p> <p>The names of the members of the engagement team were provided to SEC.</p>	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>China Bank believes that the best barometer for success is the fulfillment of its responsibilities not just to its shareholders, but to its customers, employees, communities, and the environment as well.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 32 (Additional responsibilities of the Board in relation to sustainable finance rules, item 2.4.7.d) and 114-115 (Sustainability, Environment, Social and Non-Financial Information) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 2020 Annual Financial and Sustainability Report: Pages 276-279 (GRI Content Index) 	
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		https://www.chinabank.ph/pdf/2020-Annual-Report.pdf <ul style="list-style-type: none"> Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability 	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p>The Bank is driven to continuously create value for its stakeholders. It adopts the Global Reporting Initiative or GRI Reporting to achieve or contribute to the attainment of the UN Sustainable Development Goals to drive its sustainability efforts and monitor corresponding progress.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 114-115 (Sustainability, Environment, Social and Non-Financial Information) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 2020 Annual Financial and Sustainability Report: Page 276-279 (GRI Content Index) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability 	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the	Compliant	The Bank is committed to a high standard of disclosure and transparency in order to facilitate better understanding of the Bank's true financial condition and	

timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.		<p>the quality of our corporate governance. All material information about China Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure rules.</p> <p>The Investor Relations Office briefs industry and credit analysts on the Bank's operational and financial results, current developments, prospects and projections. Press releases and updates are also available under News and Happenings in the website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Analyst Briefing and Presentation for Investors https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors News and Happenings https://www.chinabank.ph/news.aspx 	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	<p>The Bank's website is closely monitored to ensure that it contains up-to-date disclosures and information.</p> <p>The links/references are as follows:</p> <p>Corporate Disclosures https://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures</p>	
a. Financial statements/reports (latest quarterly)	Compliant	<p>Quarterly Report (SEC 17-Q) https://www.chinabank.ph/corgov.aspx?title=SEC+Form+17-Q+(Quarterly+Report)</p>	
b. Materials provided in briefings to analysts and media	Compliant	<p>Analyst Briefing and Presentation for Investors https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors</p>	

c. Downloadable annual report	Compliant	Annual Report https://www.chinabank.ph/corgov.aspx?title=Annual+Report	
d. Notice of ASM and/or SSM	Compliant	Annual/Special Stockholders' Meeting (Notice) https://www.chinabank.ph/corgov.aspx?title=Annual+Stockholders+Meetings	
e. Minutes of ASM and/or SSM	Compliant	Annual/Special Stockholders' Meeting (Minutes) https://www.chinabank.ph/corgov.aspx?title=Annual+Stockholders+Meetings	
f. Company's Articles of Incorporation and By-Laws	Compliant	Our Company (Articles of Incorporation and By-Laws) https://www.chinabank.ph/corgov.aspx?title=Our+Company	

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	Compliant	The Bank's website is compliant with the SEC prescribed template under SEC Memo Circular No. 11, Series of 2014 and contains not just the required items / sections, but as well as other relevant information for various stakeholders. Link/Reference: https://www.chinabank.ph/corgov.aspx	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	A Quality Assurance Department within the Internal Audit Division has been set up since 2012. This Department is primarily responsible for designing, implementing and maintaining an effective Quality Assurance & Improvement Program (QAIP) for the entire spectrum of the internal audit activity. The Program has been	
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		<p>developed & maintained to assess the efficiency and effectiveness of the Internal Audit (IA) activity and identify opportunities for improvement.</p> <p>In 2015, Internal Audit underwent the External Quality Assessment Review (EQAR). It is conducted every five (5) years to determine IA's conformance with the International Standard for the Professional Practice of Internal Auditing. The scheduled EQAR for 2020 was deferred due to the COVID-19 pandemic. This activity will be carried out once the operating environment/condition improves.</p> <p>Please refer to Annex 9 for a copy of the 2015 "Generally Conforms" certificate issue by P&A.</p> <p>The review of internal control systems is embedded in the audit program/procedures of a particular unit/process/system performed all year round based on the approved Audit Plan. The Annual Audit Plan is prepared using the risk-based audit methodology. Also, the Chief Audit Executive issues Annual Control Attestation. This provides confirmation that the Bank's control processes, operating across the organization, are in place, adequate and working effectively to mitigate risks that could adversely affect the achievement of Bank's objectives.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>The Bank's Risk Process Map traces out a complete and coherent risk management plan that is performed at three different levels: the strategic level, the transaction level and the portfolio level.</p> <p>The identification and assessment of operational risks which are inherent in all the Banks products, activities, processes and systems are performed through the Risk and Control Self-Assessment (RCSA) Program. This</p>	

		<p>facilitates the determination of priority operational risk areas, the assessment of mitigating controls in place, and the institutionalization of additional measures to ensure a controlled operating environment.</p> <p>The Risk Oversight Committee oversees the enterprise risk management framework and ensures that there is periodic review of the effectiveness of the risk management systems and recovery plans. It ensures that corrective actions are promptly implemented to address risk management concerns.</p> <p>The review of the framework is done on a quarterly basis.</p> <p>Corresponding information are contained in the Risk Management Manual which is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Pages 61-64 (Risk Management) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Risk Management https://www.chinabank.ph/corgov.aspx?title=Risk+Management 	
Supplement to Recommendation 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and	Compliant	The Bank's Compliance Program was developed to put in place a culture of compliance, anticipate, reinforce and strengthen not just the Bank's compliance but as well as the group-wide compliance with existing laws, rules and regulations. It aims to implement a compliance system which will provide reasonable assurance that the Bank and its employees are duly informed and/or trained	

awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.		<p>in order to comply with relevant banking and corporate laws, regulations, rules and standards in order to promote safe and sound banking operations.</p> <p>The Bank's Compliance Risk Management System was designed to specifically identify and mitigate business risks which may erode the franchise value of the Bank, as well as to prevent and combat money-laundering and terrorist financing activities.</p> <p>In compliance with BSP's requirements under Circular No. 747 and Circular No. 972, the Board has approved the Compliance Manual on 04 July 2012 and is updated regularly to ensure alignment with the active and rapid changes in regulatory landscape.</p> <p>The Bank's Compliance System and Program are subject to regular review by the Bank's Internal Audit and by the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Compliance System https://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management • 2020 Annual Financial and Sustainability Report: Page 61 (Compliance) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf 	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all	Compliant	The Bank has aligned IT governance framework with the standards and operating principles of the Guidelines on IT Risk Management (BSP Circular No. 808) and Enhanced Guidelines on Information Security Management (BSP Circular No. 982). Also in place is an	

key risks are identified, managed and reported to the board.		<p>IT risk assessment (ITRA) process for identifying vulnerabilities and determining the effectiveness of IT controls. With the evolving cyber-threat landscape, a Cyber Resilience Framework was developed as a supplement to our Information Security Management System and Business Continuity Management (BCM) program. The framework provides the details related to the preparations and measures for protecting the Bank's disaster recovery infrastructure against cyber-attacks.</p> <p>These information are contained in the Risk Management Manual which is uploaded to the Bank's internal public folder.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 64 (Information Technology Risk) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>The Bank's Internal Audit Division provides independent, objective assurance and consulting services designed to add value and improve the Bank's operations.</p> <p>It assesses the Bank's system of risk management, control, and governance processes, as designed and represented by management, to determine whether it is adequate and functioning to ensure that quality and continuous improvement are fostered in the organization's control process, among others.</p> <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p> <p>Link/Reference:</p>	

		2020 Annual Financial and Sustainability Report: Pages 48 (Organizational Chart) and 64-65 (internal Audit) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>Mr. Ronald R. Marcaida is the incumbent Chief Audit Executive. He assumed the position on February 1, 2020.</p> <p>He is responsible for the overall management of the Internal Audit (IA); to ensure that sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies are complied with, to improve the Bank's risk management, governance and control processes using a systematic and disciplined approach, and to ensure that the IA activity adds value to the organization. He is also tasked to develop a risk-based-audit plan, including policies and procedures based on robust risk assessment to determine the priorities of the internal audit activity, consistent with the organization's goals, including inputs from the Board of Directors, Audit Committee and senior management and ensure that such plan is comprehensive and adequately covers regulatory matters.</p> <p>His other duties and responsibilities are discussed in the Internal Audit Charter and Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 83-84 (Duties and Responsibilities of the CAE) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 	

		<ul style="list-style-type: none"> 2020 Annual Financial and Sustainability Report: Pages 48 (Organizational Chart) and 64-65 (Internal Audit) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant	<p>As embodied in the Internal Audit Charter, the CAE, being the Head of the Bank's internal audit function is responsible for ensuring that the Bank's internal audit function and activities are carried out in accordance to its mandate and the knowledge or inputs from the outsourced experts is assimilated into the Bank, to the greatest extent possible. The Bank's internal audit activity is not outsourced to the external provider / auditor.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 91 (Outsourcing of Internal Audit Activities) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p> <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	<p>As earlier stated, the Bank's internal audit function is not outsourced. It is handled by the Internal Audit Division.</p> <p>Please refer to Annex 10 for the division's table of organization.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 48 (Organizational Chart)</p>	

		https://www.chinabank.ph/pdf/2020-Annual-Report.pdf	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The risk management function is one of the Bank's second line of defense, apart from Compliance, and is carried out by the Risk Management Group (RMG) of the Bank.</p> <p>RMG reports functionally to the Board through the Risk Oversight Committee. The personnel under the RMG have collective knowledge and technical skills commensurate with business activities and risk exposures of the Bank.</p> <p>Additional related provisions are contained in the Risk Management Manual. The document is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Pages 48 (Organizational Chart) and 61-64 (Risk Management) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Corporate Governance Manual: Pages 95-98 (Risk Management Function) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf 	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	In 2020, the Bank did not seek external risk management technical support.	

Recommendation 12.5

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	<p>The Bank's CRO is Mr. Ananias S. Cornelio III. He is responsible for overseeing the risk management function and shall support the Board in the development of the risk appetite and risk appetite statement of the Bank and for translating the risk appetite into risk limits structure. He is also tasked to supervise the ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation.</p> <p>His responsibilities are also discussed in the Risk Management Manual, which is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none">• Mr. Cornelio's Profile https://www.chinabank.ph/about_china_bank.aspx?title=Management+Committee• Corporate Governance Manual: Pages 96-97 (Chief Risk Officer) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>The Bank's CRO has sufficient stature, authority and seniority within the bank. This will be assessed based on the ability of the CRO to influence decisions that affect the Bank's exposure to risk.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 97 (Status and Authority of the Chief Risk Officer) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	

Additional Recommendation to Principle 12

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p>The annual attestation of the CAE was presented to the Audit Committee last February 17, 2021.</p> <p>Please refer to Annex 11 for a copy of the 2020 Attestation on Control Processes.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 64-65 (Internal Audit)</p> <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
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Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>The fundamental rights of shareholders, amongst them, voting right, appraisal right, preemptive & right of information are contained in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <ul style="list-style-type: none">• Corporate Governance Manual: Pages 102-104 (Item 2 - Investors' Right and Protection and Item 3 - PSE's Revised Disclosure Rules) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf• 2020 Definitive Information Statement (SEC 20-IS): Page 26 (Pre-emptive Right) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf	
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2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p>The Bank's Corporate Governance Manual where the basic shareholders' rights are discussed, is uploaded to the Bank's website for proper disclosure. Moreover, provisions related to voting and meeting of stockholders, among others are contained in the By-Laws, which is also readily available in the Bank's Website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 102-104 (Item 2 - Investors' Right and Protection and Item 3 - PSE's Revised Disclosure Rules) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • By-Laws: Pages 1-3 (Article III) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Proposed Amendments of By-Laws – June 2020 https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf 	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	<p>Each common share entitles the holder to one vote.</p> <p>Link/Reference:</p> <p>2020 Definitive Information Statement (SEC 20-IS): Page 26 (Voting) https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights,	Compliant	<p>The Bank is committed in treating its stakeholders fairly and ensures their protection thru the following:</p>	

<p>subscription rights and transfer rights.</p>		<p>Policy on Fair Treatment to Stakeholders</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 102-104 https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p> <p>Voting in the By-Laws</p> <p>I In accordance with the Bank's By-Laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations.</p> <p>Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the Bank multiplied by the whole number of directors to be elected.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • 2020 Definitive Information Statement (SEC 20-IS): Pages 6-8 (Voting Securities and Principal Holders Thereof) 	
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		https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>In accordance with the Bank's By-Laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • Minutes of the 2020 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf • 2020 Annual Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2020_Votes_.pdf • Bank's Website https://www.chinabank.ph/asm2021.aspx <p>In addition, voting results during annual stockholders' meeting is validated by an independent party, which in 2020, was done by the Bank's External Auditor.</p>	
4. Board has an effective shareholder voting mechanism such as supermajority or "majority of minority" requirements to protect	Compliant	<p>In accordance with the Bank's By-Laws, no meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock is represented. The majority vote of the shares present or represented at the stockholders' meeting, provided</p>	

minority shareholders against actions of controlling shareholders.		<p>there is a quorum, shall be required to carry a stockholders' action on any matter taken up during the meeting.</p> <p>Link/Reference:</p> <p>2020 Definitive Information Statement (SEC 20-IS): Pages 6-8 and 26 (Voting Procedures)</p> <p>https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf</p>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>As specified under the Bank's Corporate Governance Manual, the shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>In 2020, a Special Stockholders' Meeting was called to elect the Bank's fourth (4th) Independent Director, in compliance with the Revised Corporation Code of the Philippines.</p> <p>Link/Reference:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Page 103 (Right to Information) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf • 2020 Special Stockholders' Meeting https://www.chinabank.ph/ssm2020.aspx • Minutes of the 2020 Special Stockholders' Meeting https://www.chinabank.ph/pdf/100120-MINUTES-OF-THE-2020-SSM.pdf 	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>The Board is committed to protecting the rights of the minority shareholders.</p> <p>In addition, there are related provisions in the Bank's Corporate Governance Manual which serves as the Board Charter.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 100 (Mandated Topics and 102-104 (Investors' Rights and Protection; PSE's Revised Disclosure Rules)</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>							
7. Company has a transparent and specific dividend policy.	Compliant	<p>The Bank's dividend policy is posted on its website.</p> <p>In 2020, the Bank paid its dividend 29 days after its declaration.</p> <p>Dividends</p> <table><tr><th>Declaration Date</th><th>Record Date</th><th>Payment Date</th></tr><tr><td>18 June 2020</td><td>03 July 2020</td><td>17 July 2020</td></tr></table> <p>Links/References:</p> <ul style="list-style-type: none">Dividend Policy https://www.chinabank.ph/corgov.aspx?title=Dividend+Policy2020 Dividend Declaration https://www.chinabank.ph/pdf/PR_China-Bank-declares-P2-68B-Cash-Dividends.pdf	Declaration Date	Record Date	Payment Date	18 June 2020	03 July 2020	17 July 2020	
Declaration Date	Record Date	Payment Date							
18 June 2020	03 July 2020	17 July 2020							

Optional: Recommendation 13.1


<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>Compliant</p>	<p>In 2020, SGV & Co. was engaged by the Bank as the Independent Validator of Votes during the Annual Stockholders' Meeting.</p> <p>Below is an excerpt from the Minutes:</p> <div data-bbox="907 389 1632 501" data-label="Text"> <p>The Chairman then asked the Corporate Secretary, Atty. Morando, to present the results of the election. Atty. Morando presented the following proposed resolution and its approval by the stockholders based on the votes cast, as confirmed by the Bank's transfer agent, Stock Transfer Service, Inc., and by SyCip Gorres Velayo & Co., the independent party tasked to count and validate the votes at the meeting:</p> </div> <p>Link/Reference:</p> <p>Minutes of the 2020 Annual Stockholders' Meeting: Pages 2 and 7 https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf</p>	
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Recommendation 13.2

<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>Compliant</p>	<p>The Notice for the 2020 Annual Stockholders' Meeting as contained in the Definitive Information Statement was sent out / posted on the Bank's Website 02 April 2020, which is more than 28 days before the original Annual Stockholders' Meeting of 07 May 2020.</p> <p>Due to the Pandemic, the Bank's ASM was moved to 18 June 2020 and the Bank updated the 02 April 2020 DIS to reflect the change in date of the ASM.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS): Annex A (Explanation of Agenda Items) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>	
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Supplemental to Recommendation 13.2

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<p>Link/Reference:</p> <p>Notice of the Annual Stockholders' Meeting https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf</p> <p>Other applicable links/references are as follows:</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p>Definitive Information Statement (SEC 20-IS): Pages 10-12 (Directors and Principal Officers) https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf</p>	
b. Auditors seeking appointment/re-appointment	Compliant	<p>SGV & Co. was recommended for re-appointment as the Bank's External Auditor.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS): Page 23 https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf</p>	
c. Proxy documents	Compliant	<p>The Proxy Form is available as follows:</p> <p>Links/References:</p> <ul style="list-style-type: none"> Definitive Information Statement (SEC 20-IS): Page 5 https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf Bank Website https://www.chinabank.ph/pdf/2020-Proxy-Form_.pdf 	
Optional: Recommendation 13.2			

<p>1. Company provides rationale for the agenda items for the annual stockholders meeting</p>	<p>Compliant</p>	<p>For each item in the agenda, a rationale or explanation is given.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS): Annex A (Explanation of Agenda Items) https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf</p>	
<p>Recommendation 13.3</p>			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>Compliant</p>	<p>The 2020 Annual Stockholders Meeting was held on 18 June 2020. Voting results during the ASM was disclosed within the same day.</p>  <p>Links/References:</p> <ul style="list-style-type: none"> Results of the 2020 Stockholders' and Organizational Meetings https://www.chinabank.ph/pdf/CHIB-Results-of-the-2020-Stockholders-and-Organizational-Meetings.pdf 2020 Annual Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2020_Votes_.pdf 	

<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>The 2020 Annual Stockholders Meeting was held on 18 June 2020. The minutes of the ASM was posted on the Bank's website the day after the ASM.</p> <p>The votes on each agenda item is clearly reflected in the minutes of the meeting, including all the questions asked and the reply thereto.</p> <p>Links/Reference:</p> <ul style="list-style-type: none"> Minutes of the 2020 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf 2020 Annual Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2020_Votes_.pdf Minutes of the 2020 Special Stockholders' Meeting https://www.chinabank.ph/pdf/100120-MINUTES-OF-THE-2020-SSM.pdf 2020 Special Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/vSSM-Voting-Results-1Oct2020.pdf 	
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>The Board ensures that the Bank's External Auditor, SGV & Co. with partner Mr. Ray Francis Balagtas is present. The Bank's President, Head of Investor Relations, Corporate Secretary, Head of Compliance, etc. are also present to answer any shareholder question during ASM.</p> <p>Link/Reference:</p> <p>Minutes of the 2020 Annual Stockholders' Meeting</p>	

		https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	The Bank has an alternative dispute resolution system in place, and is duly documented in the Corporate Governance Manual. Link/Reference:	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Corporate Governance Manual: Page 106 (Alternative Dispute Resolution System) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Head of the Bank's Investor and Corporate Relations Group is SVP Alexander C. Escucha. He may be reached through the following: Telephone Number: (+632) 8885-5609 E-mail Address: investor-relations@chinabank.ph The contact details are posted in the Bank website. Link/Reference: Investors Information https://www.chinabank.ph/corgov.aspx?title=Investors+Information	
2. IRO is present at every shareholder's meeting.	Compliant	Mr. Alexander C. Escucha, the Head of the Bank's Investor and Corporate Relations Group, was present in the 2020 ASM as indicated in the corresponding Minutes. Link/Reference:	

		Minutes of the 2020 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<p>The Bank adheres to the rules on voting in accordance with the Revised Corporation Code and in accordance with the Bank's By-laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing.</p> <p>Link/Reference:</p> <p>By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf</p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<p>As of December 31, 2020, the Bank's public float is 57.1150 %.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Public Ownership Report (as of 31 December 2020) https://www.chinabank.ph/pdf/2021-01-15-CHIBPSEDisclosure-Public-Ownership-Report-as-of-31-December-2020.pdf Shareholding Structure https://www.chinabank.ph/corgov.aspx?title=Our+Company 	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the	Compliant	The Bank goes beyond the Annual Stockholders' Meeting in its practices to engage its shareholders and accommodates investors' meeting.	

company beyond the Annual Stockholders' Meeting		<p>Link/Reference:</p> <p>Analyst Briefing and Presentation for Investors https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors</p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	<p>In accordance with Sections 23 and 57 of the Revised Corporation Code, a stockholder is allowed to vote through remote communication or in absentia.</p> <p>On March 25, 2020, the Board of Directors approved the amendment of the Bank's By-laws which allows the voting through remote communication or in absentia.</p> <p>On March 3, 2021, the Board of Directors approved to allow the conduct of the Annual Stockholders Meeting on May 6, 2021 and participation therein by the stockholders via remote communication or in absentia, in accordance with the Securities and Exchange Commission's (SEC) Memorandum Circular No. 6, Series of 2020. Please refer to Schedule "B" of the Information Statement for the Guidelines for the Participation via Remote Communication, pages 269-271.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2020 Definitive Information Statement (SEC 20-IS): Pages 269-271 https://www.chinabank.ph/pdf/2021-03-30-CHIBPSEDisclosure-CHIB_SEC-20IS-DEFINITIVE-AMENDED.pdf Proposed Amendments of By-Laws – June 2020: Page 1 (Manner of Voting) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf 	
Duties to Stakeholders			

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>In 2020, the Bank, through its Board and Management has identified topics/issues that are highly significant to its stakeholders.</p> <p>These material topics, the concerned stakeholders and the Bank's stakeholder engagement process are discussed in the Annual Financial and Sustainability Report.</p> <p>The Bank believes that it is through proper understanding of stakeholders' needs, concerns, and expectations, and more importantly, embedding their feedback into the corporate strategy and daily business that it is able to develop long term-solutions, make responsible business decisions, and perform better.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 24 (Stakeholder Engagement) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability 	
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Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>The Bank treats its stakeholders fairly and ensures their protection.</p> <p>Policy on Fair Treatment to Stakeholders The policies are in Pages 102-104 of the Bank's Corporate Governance Manual.</p>	
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		<p>Link: https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p> <p>Up-to-date Disclosures The Bank also provides up to date disclosures in its website, about corporate news and happenings.</p> <p>Link: https://www.chinabank.ph/news.aspx</p> <p>China Bank adheres to a high standard of disclosure and transparency to facilitate understanding of the Bank's true financial condition and the quality of our corporate governance. All material information about China Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure policy. In addition to compliance with the reportorial requirements, we promptly disclose major and market sensitive information like, financial condition through quarterly reports, dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets, as well as financial and non-financial information that may affect the investment decision of the investing public, in the form of press releases in newspapers and reports in our internal publication. We also electronically file our disclosures through the Electronic Disclosure Generation Technology (EDGE) portal of PSE, which are then posted on its website.</p> <p>Our corporate website is likewise regularly updated to include the latest news and current information about the Bank.</p> <p>Links/References:</p>	
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		<ul style="list-style-type: none"> • Presentation to Shareholders https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors • Corporate Disclosures https://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures 	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>The Bank provides transparent framework for stakeholders where they can raise their concern and the Bank ensures that their rights are protected. Employees may raise their concern, without fear of retaliation.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Investor Relations https://www.chinabank.ph/corgov.aspx?title=Investors+Information • Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • Contact Center https://www.chinabank.ph/contact_us.aspx • Borrowers https://www.chinabank.ph/personal.aspx?title=Notice+to+Loan+Clients 	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	In line with its dedication to effectively resolve disputes, China Bank maintains close coordination with stockholders, third parties, regulatory authorities and other stakeholders to discuss the issues and concerns, and ultimately address conflicts. Provisions related to the	

		<p>Bank's alternative dispute resolution system can be found in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 106 (Alternative Dispute Resolution System)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual_April-2021.pdf</p>	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	<p>In 2020, the Bank did not seek any application for exemption on the application of corporate governance law, rules or regulations.</p>	
2. Company respects intellectual property rights.	Compliant	<p>The Bank respects intellectual property and observes practices in relation thereto, which among others is the registration of its logo for use by the Bank.</p> <p>Please refer to Annex 12 for the latest Certificate of Registration of the Bank's logo with the Intellectual Property Office (IPO).</p>	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>Part of the Bank's Mission is to provide the highest ethical standards, sense of responsibility, and fairness with respect to customers.</p> <p>The Bank has a Consumer Protection Framework in place. China Bank also has a contact center, where</p>	

		<p>customers may raise their concerns. The Bank also has policies on Data Protection, Cyber Security, and Whistleblowing, to enhance customer welfare.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • Investor Relations https://www.chinabank.ph/corgov.aspx?title=Investors+Information • Consumer Protection https://www.chinabank.ph/corgov.aspx?title=Consumer+Protection • Contact Center https://www.chinabank.ph/contact_us.aspx <p>The Bank provides a safe and secure banking environment for its customers. For the last five (5) years, the Bank has no major breach.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 38-39 (Cyber Security and Data Privacy) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p>The Bank practices utmost professionalism in managing its resources. The Bank processes all matters with due diligence and compliance to ensure that any service or goods procurement will pose the greatest benefit to the company, while posing little to no negative impact on</p>	

		<p>stakeholders. Applicable policies are posted to the Bank's website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 59 (Suppliers and Contractors) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Governance Policies https://www.chinabank.ph/corgov.aspx?title=Governance+Policies 	
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>In place are policies and programs to ensure not just high-performance standards among our employees but as well as group-wide synergy towards the realization our corporate goals and business objectives,</p> <p>The Bank is committed to consistently engage its employees to ensure that all employees are heard and updated of these goals and key result areas to make them more effective. Our Human Resources Group has put in place various training and engagement activities, including an annual town hall where senior officers are kept abreast of significant developments in various areas - Bank's overall performance, COVID-related initiatives and governance matters. A Q&A portion during the town hall encourages employees to air their concerns.</p> <p>Moreover, part of the activities of the Bank is the commitment to continually strengthen compliance and governance culture through education and training.</p>	
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		<p>In order to raise awareness level, Compliance Division regularly conducts briefing to Compliance Coordinators in branches and head office units. This training program provides venue as well to better appreciate and understand compliance principles, concepts, and elements of good corporate governance.</p> <p>The Compliance Coordinators are required to cascade their learning to their respective areas. All new employees of the Bank undergo a basic orientation on Compliance System, Anti-Money Laundering and Governance, among others. As part of the continuing education program, Compliance Division conducts lectures in Junior Executive Program of the Bank and in Supervisory Development Program.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 40-45 (China Bank as Employer) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>In recognition of the valuable contribution of employees in China Bank's achievements and in celebration of the Bank's 100th Anniversary, the Board of Directors approved last 05 August 2020 the Centennial Stock Grant Plan wherein regular employees (regardless of rank and position) of the China Bank Group as of 16 August 2020, will be given 100 China Bank shares for each year of service. This was subsequently ratified by the stockholders during the 01 October 2020 virtual Special Stockholders' Meeting.</p> <p>Around 8,400 eligible employees and certain other officers and contractual personnel (as specified by the</p>	

		<p>Chairman of the Board) will be granted up to 5.6 million shares worth Php 115.36 million, based on the closing price as of 26 August 2020; and will be distributed upon approval of regulatory agencies. Holding period is set at 2 years and grantees may buy additional shares, subject to relevant laws, rules and internal policies.</p> <p>This stock grant aims to foster a culture of ownership – where everyone in the organization shares common interests, and the same passion and commitment to ensure the Bank's continued success.</p> <p>Moreover, the Bank has a "Performance Bonus/Profit Sharing" Program that recognizes the Officers performance in support of the Bank's Performance.</p> <p>The terms of the aforesaid profit-sharing program is set forth in the Bank's By-Laws.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 10 (Message to Stakeholders, A lasting legacy) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Centennial Stock Grant https://www.chinabank.ph/corgov.aspx?title=Centennial+Stock+Grant+Plan • By-Laws: Page 11 (Article VIII, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf 	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	The Bank values the safety and health of its employees embracing the Safety and Health Program instituted by the Government.	

		<p>The Bank continuously adopts initiatives to ensure the health and safety of its employees. At the height of the pandemic, employees with medical condition, seniors, pregnant women and other employees were allowed to work from home. For those required to report onsite, the Bank provided free shuttle services, accommodation and testing. The Bank also strictly adhered to IATF guidelines on social distancing and regular disinfection in the work place. Currently, the Bank is pursuing a vaccination program for its employees and dependents, whilst looking for alternative sites to allow split operations.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 44-45 (Health and Safety) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p> <p>In compliance with RA 11058 An Act Strengthening Compliance with Occupational Safety and Health Standards, the Bank performed the following:</p> <ol style="list-style-type: none"> 1. Strengthened the OSHCs (Corporate and Unit) 2. Formalized and submitted its OSH Program to DOLE last October 22, 2019. 3. Conducted trainings for appointed Safety Officers and First Aiders 4. Published a number of policies such as: <p><u>Existing Policies</u></p> <ul style="list-style-type: none"> • Drug-Free Workplace Policy • Tuberculosis Prevention and Control in the Workplace Policy • Hepatitis B Prevention and Control In the workplace Policy • HIV and AIDS Prevention and Control In The Workplace Policy 	
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		<ul style="list-style-type: none"> • Breastfeeding Policy • Occupational Safety and Health - Formulation of Committee <p><u>Forthcoming Policies</u></p> <ul style="list-style-type: none"> • Smoke-Free Workplace Policy • Alcohol-Free Workplace Policy • Pollution Control Officer <ol style="list-style-type: none"> 5. Conduct of annual fire and earthquake drills, and implements the annual physical examination for our employees. 6. Continuous publication via email on health and wellness information. 7. Continuous promotion of work-life balance through its various programs, sports activities and personal interest skills development. <p>Furthermore, the Bank will continuously release additional policies to support the OSH Program and DOLE if deemed necessary.</p> <p>Link/Reference:</p> <p>Bank Website https://www.chinabank.ph/corgov.aspx?title=Employee+Engagement</p>	
3. Company has policies and practices on training and development of its employees.	Compliant	<p>The Bank is committed to the success and development of its employees to their full potential. In place are multi-faceted approach on training, from general to role specific in-house and external trainings to continuously enhance the hard and soft skills of our employees.</p> <p>Through the China Bank Academy and our e-learning platform, employees have access to hundreds of leaderships, consumer protection, anti-money</p>	

		<p>laundering, marketing, personal development, technical, and other training programs and courses.</p> <p>Flagship trainings are provided for the new hires. We also offer supervisory training to transitioning staff, junior executive programs and various branch training.</p> <p>In 2020, we recorded 203,573 training hours and over Php14 million on training expenses. For our employees' safety, all training programs beginning March 2020 were conducted online.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Page 42, 44-45 (Training and Workshops) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. We take our legal responsibilities very seriously and expect our directors and employees at all levels and grades to do the same. China Bank directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p>	

		<p>Link/Reference:</p> <p>Anti-Bribery and Corruption https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p>The Board has imposed a policy of full compliance with the Code of Ethics and other policies. HRG ensures that every Bank employee is aware of, and upholds the Code.</p> <p>Given the mandate of the Board, HRG ensures that the training programs present the pertinent Bank policies governing their respective functions.</p> <p>Aside from being included in the Code of Ethics, the Bank's anti-corruption related policy is part of the orientation program for new employees. In 2020, 524 new employees received training related on anti-corruption.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Page 59 (Anti-Bribery and Corruption) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics 	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee	Compliant	China Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. China Bank directors and employees are to act professionally, fairly, and with integrity in all our	

involvement in offering, paying and receiving bribes.		<p>business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Under the Bank's Code of Ethics, on Proper Conduct and Behavior, "<u>offering</u> or receiving money or other valuable consideration <u>in exchange for a job</u> or <u>offering</u>, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank" is subjected to a disciplinary process and if found guilty then may be meted out with a suspension and or dismissal on the 1st offense.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Anti-Bribery and Corruption https://www.chinabank.ph/corgov.aspx?title=Gover+nance+Policies • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics 	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The Bank does not and will not tolerate unethical or illegal conduct, thus a Whistleblowing mechanism was established to ensure that employees, customers, shareholders, and third-party service providers will have a way to report questionable activity, unethical conduct, fraud or any other malpractice, by mail, phone	

		<p>or e-mail. Disclosures or reports are handled under the strictest measures of confidentiality and anonymity to allay fears of reprisal or retaliation.</p> <p>Link/Reference:</p> <p>Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	Compliant	<p>Reports can be submitted to the Bank's Chief Compliance and Governance Officer (CCGO) who determines the substance and validity of all whistleblower reports. Reports can also be disclosed to any officer of the bank, the Risk Management Group, Internal Audit and the HRG.</p> <p>If the report is deemed well-substantiated, the CCO turns over the disclosure to the Audit Division and/or HRG for further investigation. Should the report be deemed baseless, within 24 hours from receipt thereof, the CCO informs the whistleblower of its status without prejudice to its re-submission.</p> <p>Meritorious disclosures are given due recognition and may be eligible for a reward as determined by the HRG or the Investigation Committee. All disclosures, their statuses, and resolutions are regularly reported to the Bank's Audit Committee then to the Board.</p> <p>Link/Reference:</p> <p>Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>All disclosures and their corresponding status and resolution are regularly reported to the Board, thru the Audit Committee.</p> <p>Link/Reference:</p> <p>Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies </p>	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p>The Bank is committed to protecting the environment by responsibly managing our environmental footprint. In the last two decades, we have been implementing policies, projects, and practices to progressively lessen our operations' direct impact on the environment.</p> <p>These include switching to energy-efficient technology for lighting, air conditioning, and computer systems; putting in place energy and water conservation measures and monitoring the use of these resources; and embracing modern technology to communicate and collaborate without the need for travel. We also adopted e-statements and enhanced China Bank's electronic banking channels to enjoin customers in our drive to go green, and launched various programs to encourage employees to reduce, reuse, and recycle.</p> <p>Since Bank's operations are generally not energy intensive as electricity is primarily used to power our lighting, cooling, and computer systems, as expected, in 2020 Bank's electricity usage dropped due to the closure of some branches and offices and the shortened operations during the various states of community</p>	

		<p>quarantines. The Bank's electricity consumption decreased by 18% to 19,359,750 kwh in 2020 from 27,080,359 kwh in 2019. In terms of indirect GHG emissions (Scope 2), the electricity consumption in 2020 is equivalent to 13,115 metric tons of CO2 emissions, 18% less compared to 13,688 metric tons of CO2 emissions in 2019.</p> <p>Environment and Social Management System</p> <p>The assessment of environmental and related social risks and liabilities is critical to identifying eligible loans for the China Bank Green Bond. We are guided by our own Environmental and Social Management System (ESMS) and the IFC Performance Standards in evaluating which projects to support.</p> <p>Reflective of our commitment to a balanced, responsible approach to lending, the ESMS ensures we apply a suitable level of environmental and related social due diligence depending on the level of identified risk. The due diligence process involves performing our analysis using a range of tools, which may include site visit checklists, client questionnaires, and environmental assessments by third-party environmental specialists. Based on the outcome, clients may</p> <p>Green Bonds</p> <p>As a lender, China Bank plays an important role in ensuring society's energy needs are met while helping to limit the threat posed by climate change. China Bank has been supportive of environmentally sound initiatives, actively financing projects that facilitate economic growth and provide environmental benefits.</p> <p>In 2019, the proceeds of the US\$150 million green bond</p>	
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		<p>were allocated to climate-smart projects that would contribute to the low carbon economy such as wind farm and green building developments.</p> <p>Link/Reference:</p> <p>2020 Annual Financial and Sustainability Report: Pages 72 (Environmental Impact) and 73 (Green Finance and Environment and Social Management System)</p> <p>https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</p>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	<p>The Bank is committed to place sustainability at the heart of its business and treats it as a cornerstone of its mission and the work it does. The Bank continues to adopt best practices and conduct its business responsibly and ethically to ensure the company's sustainability and to contribute to a sustainable future for all. The Bank's sustainability journey and corresponding efforts are comprehensively discussed in its 2020 Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability 	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<p>Corporate Social Responsibility</p> <p>Running a responsible business means being a socially responsible corporate citizen. We support our communities by hiring and buying locally, making</p>	

		<p>ethically and environmentally sustainable business decisions, embracing diversity and inclusion, advocating worthy causes, and encouraging a strong spirit of volunteerism and charitable giving among our employees. In 2020, these are the key CSR projects undertaken by China Bank and China Bank Savings.</p> <p>In 2020, the Bank has:</p> <ul style="list-style-type: none"> - Conducted 134 on-site and virtual Pre-Departure Orientation Seminars that benefited 4,828 Filipino workers bound for abroad - Conducted financial literacy roadshows in 8 schools that benefited approximately 3,200 students - Raised funds for the purchase of Samsung tablets that benefited 36 children of our service personnel—janitors, security guards, messengers—and for the purchase of face masks and face shields for all of our service personnel (CBC-HRG Personal Social Responsibility Program) <p>Links/References:</p> <ul style="list-style-type: none"> • 2020 Annual Financial and Sustainability Report: Pages 70-73 (China Bank as Partner); Page 73 (Corporate Social Responsibility) https://www.chinabank.ph/pdf/2020-Annual-Report.pdf • Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability 	
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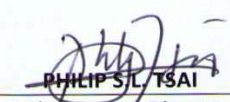
Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.

SIGNATURES



HANS T. SY
Chairman of the Board

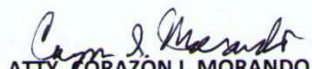

WILLIAM C. WHANG
President


MARGARITA L. SAN JUAN
Independent Director


PHILIP S.L. TSAI
Independent Director


CLAIRE ANN T. YAP
Independent Director


GENARO V. LAPEZ
Independent Director



ATTY. CORAZON I. MORANDO
Corporate Secretary


ATTY. AILEEN PAULETTE S. DE JESUS
Chief Compliance and Governance Officer

MAY 24 2021

SUBSCRIBED AND SWORN to before me this ____ day of May 2021, affiant(s) exhibiting to me their identification documents, as follows:

NAME	IDENTIFICATION DOCUMENT
Hans T. Sy	SSS ID No. 03-4301174-3
William C. Whang	SSS ID No. 03-5882607-5
Margarita L. San Juan	SSS ID No. 03-3300959-0
Philip S.L. Tsai	Passport No. P7396029A valid until May 30, 2028
Claire Ann T. Yap	Passport No. P3099451B valid until September 5, 2029
Genaro V. Lapez	Passport No. P5929865A valid until February 5, 2028
Atty. Corazon I. Morando	SSS ID No. 33-0678316-7
Atty. Aileen Paulette S. De Jesus	IBP ID - Lifetime Member No. 01667


BELENETTE Y. CHING-TAN
Notary Public for Makati City
Appt. No. M-191 until 31 December 2021
4/F Philcom Building,
8755 Paseo de Roxas, Makati City
PTR No. 8533032; 01-04-21, Makati City
IBP No. 137037; 12-29-20; Makati City
Roll of Attorney's No. 37110

Doc No. 404
Page No. 82
Book No. 131
Series of 2021

Certificates of Participation in the 2020 Advanced Corporate Governance Training
(Corporate Secretary and Chief Compliance and Governance Officer)



Institute of Corporate Directors

presents this

Certificate of Participation

to

Atty. Corazon I. Morando

China Banking Corporation (CBC)

for having completed the online course

Advanced Corporate Governance Training

held on

4 November 2020

9:00 am - 10:30 am | Sustainability in the Boardroom | Atty. Teodoro Kalaw IV
10:30 am - 12:00 nn | Risk Management in the Age of CoVid-19 | Mr. Ricardo Nicanor N. Jacinto
1:00 pm - 2:00 pm | Culture of Innovation | Mr. Donald Patrick L. Lim
through ZOOM Meetings

A handwritten signature in black ink, appearing to read 'Leonardo M. Berba', is positioned above the printed name.

Leonardo M. Berba
Chief Executive Officer



Institute of Corporate Directors
presents this

Certificate of Participation

to

Atty. Aileen Paulette S. De Jesus

China Banking Corporation (CBC)

for having completed the online course

Advanced Corporate Governance Training

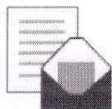
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9:00 am - 10:30 am | Sustainability in the Boardroom | Atty. Teodoro Kalaw IV
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1:00 pm - 2:00 pm | Culture of Innovation | Mr. Donald Patrick L. Lim
through ZOOM Meetings

Leonardo M. Berba
Chief Executive Officer

Sample e-mail with Attached Board Meeting Agenda and Materials Sent to the Directors

**Materials for the Board of Directors' Meeting on February 5, 2020**

Hans T. Sy, Gilbert U. Dee, William
 Marynette M. Gravador to: C. Whang, petersycipdee, 01/31/2020 04:35 PM
 suntree_building, stanfieldto, hats,
 "Maria Eleanor D. Enrile", Linda Susan T. Mendoza, CBC - Office of
 Cc: the President, Julie.desengano, enterpriserealty_04, "Sm aca Shell
 forbes", mila.garcia, officeoftheceo, "Morando Corazon I.", Leilani B.

In consonance with the Securities and Exchange Commission Memorandum Circular No. 19, series of 2016 and ASEAN Corporate Governance Scorecard recommending that relevant information should be provided to the directors prior to the meeting, we are respectfully forwarding to you the attached materials for the Board of Directors' Meeting on February 5, 2020.

Thank you.

Respectfully,

Manet

**ATTY. MARYNETTE M. GRAVADOR**

OCS Officer – Minutes and Agenda
 Office of the Corporate Secretary
 China Banking Corporation (CBC)
 11th Floor, CBC Bldg., 8745 Paseo de Roxas cor. Villar St., Makati City
 Contact Nos.: (02) 888-55-133 / (02) 888-55-555 local 5133
 Fax No.: (02) 888-55-135
www.chinabank.ph

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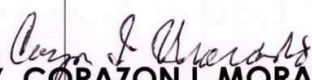


Certification from the Corporate Secretary re: the Bank's Business Plans



CERTIFICATION

This is to certify that the Bank's 2020 Budget and Business Plan were among those presented to, discussed, and approved by the Board of Directors during its meeting on 05 February 2020.

Issued this 25th day of May 2021 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary
 

Certification from the Corporate Secretary re: Performance Reports**CERTIFICATION**

This is to certify that the 2020 Performance Reports were among those presented to, discussed and noted by the Board of Directors during its meetings on 06 May 2020 (1Q 2020 Performance Report), 05 August 2020 (1H 2020 Performance Report), 04 November 2020 (January - September 2020 Performance Report), and 03 February 2021 (January - December 2020 Performance Report).

Issued this 25th day of May 2021 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

Rep

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Engagement of Search Firm in sourcing out candidates for the Board of Directors



Request for Independent Directorship





Sisenando Bengzon to: Katrina P. Walit

Cc: Zyrille Mendoza, Aiseah Jois Lugtu

Security: To ensure privacy, images from remote sites were prevented from downloading. [Show Images](#)

History: This message has been replied to and forwarded.

▼ 4 attachments

   
2020-Matoto_CV-linkedin.pdf 2020-Guidote_CV.pdf 2019-Eraña_CV.pdf Matoto, Senen 'Bing' (CV).pdf

Keena, please see attached CVs of the first wave of recommendees. Don't hesitate to contact me if you have any questions. Thank you!

Nandy

Sisenando U. Bengzon

Chief Operating Officer

Director - Program Delivery and Members Relations

Institute of Corporate Directors

T (02) 8884 1494 local 105

E subengzon@icd.ph

W www.icd.ph

RPT Materiality Threshold Matrix

RPT Materiality Threshold Matrix

Updated as of March 4, 2020

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
Accounting Division (Reconciliation and Control, General Accounting)	Php 2.0 M	Consulting, professional, agency and other service arrangements/contracts
Administrative Division	Php 50.0 M	Construction arrangements / contracts
	Php 50.0 M	Consulting, professional, agency and other service arrangements/contracts
	Php 2.0 M	Sale , purchase or supply of any goods or materials
	Php 50.0 M	Lease Arrangements / contracts (including extension of lease) – whether or not the Bank is the lessor or lessee
	Php 2.0 M	Sale , purchase or supply of any goods or materials (vehicle)
Cards Business Division	Php 5.0 M	On- and off-balance sheet credit exposures (including credit card limits) and claims and write-offs
Consumer Banking	Php 10.0 M – Housing Loan	Borrowings, commitments, fund transfers and guarantees
	Php 4.0 M – Auto Loan	
Office of the Corporate Secretary	Php 2.0 M	Service arrangements/contracts
Human Resources Group	Php 10.0 M	Consulting, professional, agency and other service arrangements
Institutional Banking Group (IBG)	Php 50.0 M	Borrowings, commitments, fund transfers and guarantees
Internal Audit Division	Php 5.0 M	IT Audit / Quality Assurance services for China Bank Savings, Inc.

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
Retail Banking Business	Php 50.0 M	Borrowings, commitments, fund transfers and guarantees
	Php 50.0 M	Lease Arrangements / contracts (including extension of lease) – whether or not the Bank is the lessor or lessee
Treasury Group	Php 500.0 M or its equivalent in other currencies	Borrowings, commitments, fund transfers and guarantees
	Php 500.0 M	Investments and/or subscriptions for debit/equity issuances
	Php 50.0 M (local securities)	Trading and derivative transactions
	\$ 10.0 M (foreign currency securities)	
	\$ 10.0 M FX spot transactions;	
	\$ 25.0 M FX swap transactions;	
	\$10.0 M USD derivative transactions (other than FX swaps);	
	Php 100.0 M (Interest Rate Swap)	
Trust and Asset Management Group	Php 50.0 M	Trust Transactions - investments and fiduciary services

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
FSG - Asset Quality & Recovery Management Division	Php 2.0 M	Sale of other Acquired Assets (vehicles and other non-real estate assets)
	Php 50.0 M	Sale of Real Estate Acquired Assets
CMG - Credit Process	Php 2.0 M	Service arrangements/contracts
China Bank Capital Corporation	Php 15.0 M (in fees)	Investment banking deals (capital markets and advisory)
	Php 10.0 M (annual rental fee)	Office Leasing
	Php 10.0 M (single transaction or a single continuing engagement)	Office leasing Consulting, professional, agency, advertising and other service arrangements / contracts
China Bank Securities Corporation	Php 7.5 M	All transactions

Internal Audit Charter	Effectivity Date: August 7, 2019	Page No. 1
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INTRODUCTION

The Internal Audit Charter aims to accomplish the following objectives:

- Define and establish Audit Division's purpose, authority & responsibility, position in the organization & reporting structure, independence & objectivity, scope of work, standards of audit practice, and quality assurance and improvement program;
- Serve as a guide to Audit Division in the performance of their mandated duties by the Board of Directors through the Audit Committee;
- Provide a basis for the Audit Committee in evaluating the effectiveness and efficiency of the Bank's Internal Audit function;
- Adhere to the pronouncements of regulators [i.e., Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC)] and standard-setting organizations [i.e., Institute of Internal Auditors (IIA), Information Systems Audit and Control Association (ISACA)].

I. PURPOSE, AUTHORITY AND RESPONSIBILITY

A. PURPOSE, MISSION and VISION STATEMENT

The purpose of China Bank's internal audit is to provide independent and objective assurance and consulting services designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The mission is to enhance and protect the Bank's value by providing risk-based and objective assurance, advice and insight."

VISION

Audit Division envisions the following:

1. A catalyst in promoting the Bank's –

- Mission Statement which states:

"We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals here and abroad, to meet their financial needs and exceed their rising expectations.

We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly

Page No. 2	Eff. Date: August 7, 2019	Internal Audit Charter
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motivated team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.

We will maintain the highest ethical standards, sense of responsibility, and fairness with respect to our customers, employees, shareholders, and the communities we serve".

- Advocacy on Integrity, High Performance Standards, Commitment to Quality, Customer/stakeholder Service Focus, Concern for People, Efficiency and Resourcefulness/Initiative in every area of Internal Audit Activity.
2. A stakeholder-focused support unit that provides value-added assurance and consulting services to the Bank for the achievement of its goals and objectives.
 3. A level-five (*Advanced*) internal audit activity based on Institute of Internal Auditors' Path to Quality Model which is characterized by:
 - Having an active and fully integrated Quality Assurance and Improvement Program (QAIP);
 - Having external quality assessment review performed every three years;
 - Having certification and rigorous continuing education for the members of Audit Division;
 - Being an innovator of best practices which support continuous growth, development and improvement across the organization and the banking industry;
 - Being perceived as strategic partner and advisor by the Bank's Management on control and governance issues and enterprise risk management initiatives. Internal audit's advices and opinions are considered by Management as integral input in crafting policies and procedures.
 - Being a leader in the internal auditing profession and strong supporter of the Institute of Internal Auditors in elevating the practice of internal auditing in the Philippines.
 4. At par with audit counterparts in the ASEAN region.

B. AUTHORITY

The authority of the Division is established by the Board of Directors, and its responsibilities are defined by the Audit Committee as part of its oversight function. The Audit Committee and management shall take all the necessary measures to provide the

Internal Audit Charter	Effectivity Date: August 7, 2019	Page No. 3
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appropriate resources (e.g. personnel, information, tools, training, etc.) and assistance that would enable Audit Division to effectively and efficiently perform its mission and objectives. This authority extends also to the audit of Bank's subsidiaries.

To establish, maintain, and assure that Audit Division has sufficient authority to fulfill its duties, the Board thru the Audit Committee shall:

- Review and approve the –
 - Internal audit charter
 - Risk-based audit plan
 - Internal audit budget and resource plan and all major changes therein
 - Decisions on the appointment and removal of the Chief Audit Executive (CAE), including evaluation of his/her compensation package
 - Internal audit activity's standards, manuals and guidance as part of its oversight role;
- Receive communications from the CAE on internal audit activity's progress, findings and performance relative to its plan and other matters;
- Monitor the ability of internal audit to operate independently and fulfill its charter; and
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations

The CAE shall have unrestricted access to, and communicate and interact directly with the Board and the Audit Committee, including having private meetings without management present.

The CAE, officers and staff of Audit Division are authorized to:

1. Have full, free, and unrestricted access to all functions, records/documents, files, accounts, property, and personnel of the Bank during the course of their examination with strict accountability for confidentiality and safeguarding of information obtained.
2. Allocate resources, set frequencies, select subjects, determine nature, scope, and timing of work, and apply the procedures and techniques required to accomplish audit objectives and issue reports.
3. Obtain assistance from the necessary personnel of other Units of the Bank where they perform audits, as well as other specialized services from within or outside the Bank, in order to complete the engagement.

Page No. 4	Eff. Date: August 7, 2019	Internal Audit Charter
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4. Require all members of staff and Management to supply on a timely manner, needed information and explanation necessary for the performance of its functions, especially those concerning security and compliance issues.

C. RESPONSIBILITY

The CAE has the responsibility to:

1. Overall manage the internal audit (IA) activity to ensure that sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies are complied with, to improve the Bank's risk management, governance and control processes using a systematic and disciplined approach, and to ensure that the IA activity adds value to the organization.
2. Direct an independent, objective and comprehensive audit function which provides assurance and consulting services to determine whether:
 - Bank's organizational objectives are achieved;
 - Corporate plans, policies and procedures are carried out effectively and efficiently;
 - Assets are safeguarded properly;
 - Applicable laws, regulations, and contracts are complied with;
 - Adequate managerial and accounting controls exist and function properly.
3. Develop a risk-based internal audit plan and submit the plan annually to the Board thru the Audit Committee for review and approval.
4. Communicate the impact of scope and resource limitations on the internal audit plan to senior management and the Board thru the Audit Committee.
5. Review and adjust the internal audit plan in response to changes in the Bank's business, risks, operations, programs, systems, and controls, as necessary.
6. Ensure each engagement in the approved annual audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties. This includes any special tasks or projects requested by Management and the Audit Committee as appropriate. Major revision of the plan shall be discussed with Management and agreed with the Audit Committee.
7. Establish a follow-up process to monitor and ensure that engagement recommendations and management actions have been effectively implemented.

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8. Ensure internal audit collectively possesses and obtains sufficient knowledge, skills, experience, and other competencies, obtain professional qualifications/certifications to meet the requirements of regulations and this Charter. If the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement, competent advice and assistance from external service providers shall be obtained.
9. Provide an annual assessment and opinion on the overall adequacy and effectiveness of the Bank's processes for controlling its operations and managing its significant risks;
10. Ensure emerging trends and successful practices in internal auditing are considered.
11. Ensure trends and emerging issues that could impact the Bank are considered and communicated to senior management and the Board, as appropriate.
12. Establish and ensure compliance to policies and procedures designed to guide the internal audit activities.
13. Ensure adherence to the Bank's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts shall be resolved or otherwise communicated to senior management and the Board.
14. Ensure conformance of the internal audit activity with IIA's Code of Ethics and the *Standards* and report any impairment to independence or objectivity.
15. Evaluate significant new or changing Bank's operations, functions, processes, services and systems coincident with their development, implementation and expansion to ensure adequacy and effectiveness of security and control.
16. Keep the senior management and the board informed and educated of the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (IPPF). Also, identify external seminars/trainings or conferences of possible interest to the committee members.
17. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned. This is accomplished by providing Audit Committee with a list of significant measurement goals and results.
18. Assist the Bank in the investigation and evaluation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results. This involves the exercise of due professional care in the conduct of every engagement which implies reasonable care and competence not infallibility. Auditors shall be alert to the possibility of fraud, intentional

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wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness, and conflict of interest, as well as being alert to those conditions and activities where irregularity are most likely to occur.

19. Consider the scope of work and coordinate with other internal/external service providers and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Bank at a reasonable cost. This includes coordination with other control and monitoring Units (e.g. Risk Management Group, Compliance Unit, Legal Division, Human Resources Division, Information Security Office) on activities and issues that are considered important and pose potential risks to the Bank;
20. Report significant risk exposures, control and governance issues, and other matters needed or requested by the Board through the Audit Committee.
21. Communicate the results of internal audit activity's quality assurance and improvement program, which includes ongoing/periodic internal assessments and external assessments conducted at least every five years;
22. Report periodically to the Board thru the Audit Committee and communicate information on the –
 - adequacy of internal audit activity's purpose, authority, and responsibility, to enable the activity to accomplish its mandate and objectives;
 - internal audit activity's performance relative to its plan and sufficiency of its resources;
 - results of audit engagements or other activities;
 - results of consulting services provided to the Bank;
 - status of accomplishments of the Audit Division
 - independence of the internal audit activity;
 - Internal audit's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address significant conformance issues;
 - significant issues or findings related to Bank's risk management and internal control processes, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board and potential improvements of these processes, and provide information on the status of their implementation;
 - corrective actions not effectively implemented or acceptance of risk by management; and

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- summary of results of audit activities and status of unresolved exceptions/findings.

II. ORGANIZATION AND REPORTING STRUCTURE

All officers and staff of Audit Division shall report to the CAE who in turn reports functionally to the Board of Directors thru the Audit Committee, and administratively (i.e. day to day operations) to the President.

The CAE shall communicate and interact directly with the Board, including in executive sessions and between Board meetings, and as appropriate:

- Have an open and direct access to the Chairman or any member of the board to communicate sensitive matters or issues facing internal audit or the Bank
- Formally conduct a private meeting with the board or audit committee at least annually (without senior management) to discuss sensitive matters or issues
- Participate in one-on-one meetings or phone calls periodically with the board or audit committee chair, prior to scheduled meetings or routinely during the year

III. INDEPENDENCE AND OBJECTIVITY

As discussed in the *Policy on Independence & Objectivity*, the CAE shall ensure that internal audit is free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner. Internal auditors shall maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, no quality compromises are made, and they do not subordinate their judgment on audit matters to others. The internal audit activity shall remain free from interference by any element in the organization, in matters of audit selection, scope, procedures, frequency, timing, or report content to exhibit necessary independent and objective mental attitude.

The CAE shall confirm to the Board, at least annually, the organizational independence and objectivity of the internal audit activity.

If the CAE determines that independence or objectivity is impaired in fact or appearance, the details shall be disclosed to appropriate parties. These includes any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

To further reinforce its independence and objectivity the following shall be observed:

1. Internal auditors shall have no direct operational duties and responsibilities for the Bank and its subsidiaries or authority over any of the activities audited. Accordingly, they shall not implement internal controls, develop procedures, install systems, prepare records, or

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engage in any other activity that may impair auditor's judgment including assessing specific operations for which they had responsibility within the previous year. Their involvement in these activities is limited to consulting only.

2. Internal audit is not authorized to –
 - Initiate or approve accounting transactions external to the internal auditing functions
 - Direct the activities of any Bank employee not under the Audit Division, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors
 - Disclose information obtained during the course of audits to unauthorized parties but rather use such information strictly for audit purposes only
3. Internal auditors shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the unit/process/system being examined.
4. Internal auditors shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
5. Internal auditors shall take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

Where the CAE has or is expecting to have additional roles and responsibilities that fall outside internal auditing, safeguards shall be established to limit impairments to independence and objectivity.

IV. SCOPE OF WORK

Audit Division's scope of work covers the assessment of the adequacy, efficiency and effectiveness of the Bank's system of risk management, control and governance processes, as designed and represented by management, to determine whether it is adequate and functioning in a manner to provide reasonable assurance that:

1. Risks relating to the achievement of the Bank's strategic objectives are appropriately identified and managed.
2. Interaction with the various Bank's groups and regulatory authorities occurs as needed.
3. Bank's operations or programs are being carried out effectively and efficiently and results of operations or programs are consistent with established goals and objectives.

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4. Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
5. The actions of the Bank's employees are in compliance with Bank's code of conduct, policies, standards, procedures, and applicable laws and regulations.
6. Significant legislative or regulatory issues impacting the Bank are recognized and addressed properly.
7. Bank's resources and assets are acquired economically, used efficiently, and adequately protected.
8. Quality and continuous improvement are fostered in the organization's control process.
9. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Bank.

All processes, systems, units, and activities, including outsourced services, shall fall within the overall scope of the internal audit function.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These shall be communicated to the appropriate level of management.

Where possible, the CAE shall also coordinate activities and consider relying on the work of other internal and external assurance and consulting service providers in accordance with the *Policy on Coordination & Reliance with other Service Providers*.

Services Provided by Audit Division

- a. Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in this service: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter - the process owner, (2) the person or group making the assessment - the internal auditor, and (3) the person or group using the assessment - the user.

Examples for this type of service are:

- Financial Statement review
- Performance/operational audit
- Compliance engagement
- Information systems security review
- Systems or processes audit (e.g. internal control systems or computer systems)

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- Fraud/Special Audit

- b. Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice - the internal auditor, and (2) the person or group seeking and receiving the advice - the engagement client. When performing consulting services the internal auditor shall maintain objectivity and not assume management responsibility as mentioned in the *Policy in Handling Consulting Services*.

Examples for this type of service are:

- Assessment of controls in a system design (system development audit or redevelopment of existing system)
- Assistance in developing performance measurement
- Facilitate management activity (e.g. speaker for workshops and seminars)
- Acting as consultant in drafting organizational policies & procedures

If the internal audit activity lacks the knowledge, skills or other competencies needed to perform all or part of the engagement, the CAE is expected to obtain competent advice or assistance to fill any gaps or decide to decline for consulting engagements. Outsourcing of internal audit activities shall be done on a limited basis to access certain areas of expertise that are not available in the internal audit activity or to address resource constraints. This is described in details in the *Policy on Outsourcing*.

V. STANDARDS OF AUDIT PRACTICE

Audit Division shall govern itself by adherence to the Mission and mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. This mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

The IIA's Implementation Guidance and Supplemental Guidance shall also be adhered to, as applicable, to guide operations.

In addition, internal audit activity shall adhere to the Bank's policies and procedures, professional and ethical standards (Code of Conduct), manuals and standards issued by the regulatory/government agencies and Information Systems Audit and Control Association (ISACA).

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VI. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The CAE shall maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program shall include an evaluation of the internal audit activity's conformance with the Core Principles, Definition of Internal Auditing, and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program shall also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The CAE shall communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years by a qualified, independent external assessor.

VII. REVIEW OF INTERNAL AUDIT CHARTER

The CAE shall review and assess the adequacy and relevance of this charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

Certification from the Corporate Secretary re: Audit Committee meeting with the External Auditor



CERTIFICATION

This is to certify that the Audit Committee of the Bank, together with the external auditor, SyCip Gorres Velayo & Co. (SGV), held a meeting on 18 November 2020, without anyone from the Bank Management present, to discuss SGV's 2020 Audit Plan.

Issued this 25th day of May 2021 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

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“Generally Conforms” Certificate



Internal Audit Division

of China Banking Corporation

headed by Marilyn G. Yuchenkang, Chief Audit Executive

Generally Conforms

to the definition of internal auditing, the code of ethics, and the international standards for the professional practice of internal auditing. We express this opinion based on the results of the **external quality assessment review** conducted in accordance with the standards for the quality assessment of internal audit activities.

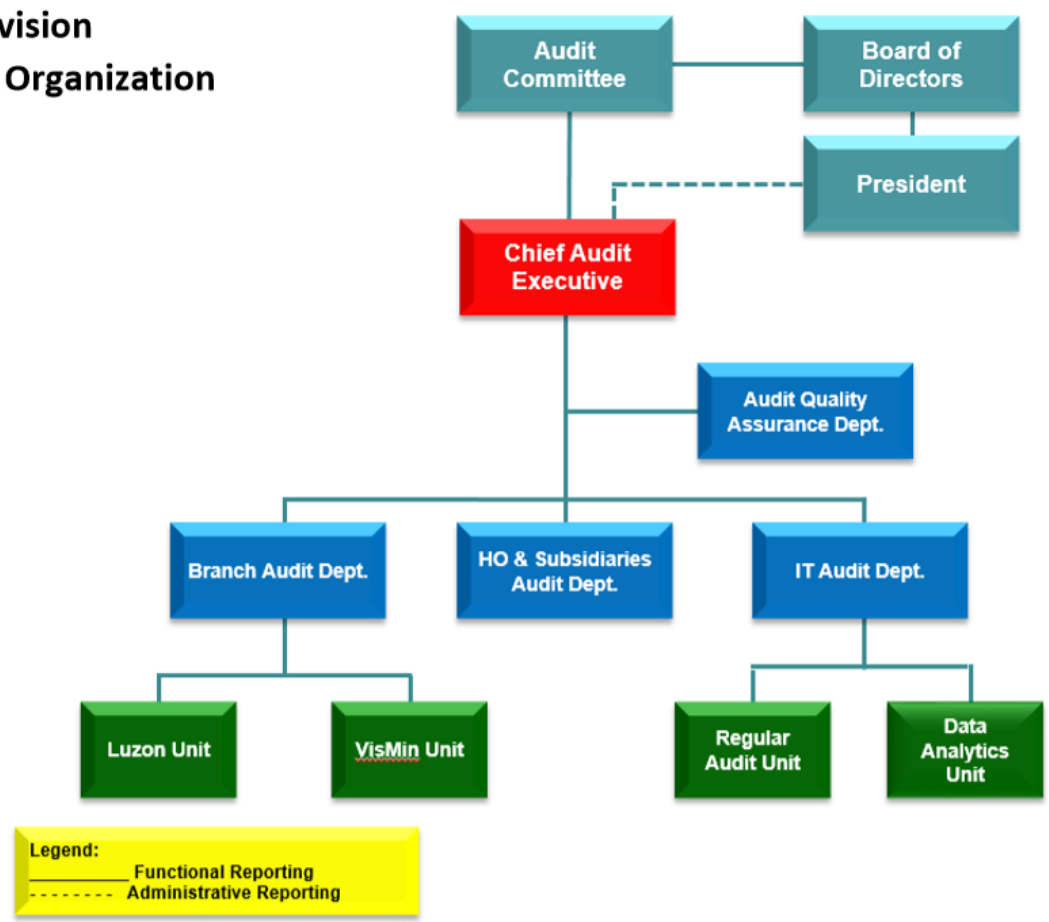
Michael C. Gallego

CPA, CIA, CCSA, CRISC, MPM, CMC, CRMA
Partner and Validation Team Leader

July 2015

Internal Audit Division Table of Organization

**Audit Division
Table of Organization**



Certification from the Corporate Secretary re: 2020 Attestation on Control Processes



CERTIFICATION

This is to certify that in the Audit Committee meeting on 17 February 2021, the Chief Audit Executive of the Bank issued an attestation that "the Bank's control processes, operating across the organization, are in place, adequate and working effectively to mitigate risks that could adversely affect the achievement of the Bank's objectives."

Issued this 25th day of May 2021 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

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Certificate of Registration of the Bank's Logo with Intellectual Property of the Philippines (IPO)



Certificate of Registration

Registration No. : 4/2019/00007155
 Date of Registration : 12 January 2020
 Term : 10 years (until 12 January 2030)



Your success is our business

More than your Banker, the Right Partner.

**CBC CHINA BANK YOUR SUCCESS IS OUR BUSINESS, MORE THAN YOUR
 BANKER, THE RIGHT PARTNER.**

Filing Date	: 2 May 2019
Registrant	: China Banking Corporation (China Bank) [PH]
Address	: China Bank Bldg., 8745 Paseo De Roxas cor. Villar Street, Makati City, Metro Manila, Philippines
Class(es) - Goods/Services	: Class 36: Insurance; financial affairs; monetary affairs; real estate affairs
Claim of Color(s)	: Red Pantone 1797 C
Disclaimer	: No claim is made to the exclusive right to use "www.", ".ph", and "Since 1920" apart from the mark as a whole
Transliteration / Translation	: None
Three-dimensional	: No
Claim of Priority	: None
Published for Opposition	: IPO e-Gazette, published on 12/12/2019


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